(6)

APPENDIX
PART 3 OF 5

Report of the Special Examination
by James A. Morrison F.C.A.

of

CROWN TRUST COMPANY
GREYMAC TRUST COMPANY
SEAWAY TRUST COMPANY
GREYMAC MORTGAGE CORPORATION
AND
SEAWAY MORTGAGE CORPORATION

to

The Honorable Robert G. Elgie M.D.
Minister of Consumer and Commercial Relations
Province of Ontario

June 1983

Touche Ross

REPORT OF JAMES A. MORRISON F.C.A.

to the Minister of Consumer and Commercial Relations, pursuant to Section 152 of the Loan and Trust Corporations Act, R.S.O. 1980, Chapter 249.

JUNE 30, 1983

VOLUME 2

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Assignment from Tri-Braun
Corporation to Prousky dated
September 3, 1982

A S S I G N M E N T

In consideration of TWO ----------------($2.00)---------------DOLLARS and other good and valuable consideration, the undersigned hereby assigns to Victor Prousky, Barrister and Solicitor, two-thirds of all amounts payable to the undersigned as and when such amounts are paid to the undersigned pursuant to a Commission Agreement dated the 24th day of August, 1982, a photostatic copy of which is annexed hereto as Schedule "1".

DATED at Toronto this 3rd day of September, 1982.

TRI BRAUN CORP.

per: ______________________ (C/S)
President

SCHEDULE "1"

COMMISSION AGREEMENT

TO: TRI BRAUN CORP., its successors and assigns

RE: THE CADILLAC FAIRVIEW CORPORATION LIMITED (THE "VENDOR") SALE TO GREYMAC CREDIT CORPORATION (THE "PURCHASER")

In consideration of Tri Braun Corp. introducing the Vendor to the Purchaser and procuring the Agreement for the Purchase and Sale dated the 24th day of August, 1982, for the lands and buildings described in Schedule "A" attached hereto, the undersigned Vendor hereby covenants and agrees as follows:

1. To pay to Tri Braun Corp., or as it may in writing direct, upon the completion of the sale of the properties pursuant to the said agreement of Purchase and Sale, a commission equal to two (2%) percent of the sale price, if, as and when the sale of the properties closes, such that the commission shall be paid from time to time in respect of such properties as they are successfully closed upon their respective closing dates.

2. That the commission payable hereunder is not under any circumstances subject to deduction, abatement or set-off.

Dated at Toronto, this 24th day of August, 1982.

THE CADILLAC FAIRVIEW CORPORATION LIMITED

Per: ______________________ (C.S.)
Authorized Signing Officer

Per: ______________________ (C.S.)
Authorized Signing Officer

SCHEDULE "A" TO THE COMMISSION AGREEMENT

1. PARKWAY FOREST
2. HORIZON HOUSE
3. HORIZON VILLAGE
4. SUMMIT PLACE
5. THE TOWNE
6. BRETTON PLACE
7. ROSEDALE EAST
8. HAMPTON HOUSE
9. PARK PLACE
10. GRENADIER SQUARE
11. ROSEBURY SQUARE
12. UNIVERSITY CITY
13. CLINTWOOD COURT
14. IVORDALE
15. MAISONETTE APARTMENTS
16. AINSLEY COURT
17. CRAIGHTON COURT
18. CHARLTON COURT
19. DON RIDGE TOWERS
20. FOREST GROVE
21. HUMBER RIDGE
22. MORNINGSTAR
23. ARBOUR GREEN
24. SIR JOHN'S GLEN
25. MILLWAY VILLAGE
26. BAY CHARLES

Direction from Tri-Braun Corporation to Cadillac Fairview re payment of $5.4 million to Thomson Rogers

D I R E C T I O N

TO:	THE CADILLAC FAIRVIEW CORPORATION LIMITED
AND TO:	MESSRS. GOODMAN AND GOODMAN, ITS SOLICITORS
RE:	THE CADILLAC FAIRVIEW CORPORATION LIMITED (THE VENDOR) SALE TO GREYMAC CREDIT CORPORATION (THE PURCHASER)

You are hereby irrevovably authorized and directed by the undersigned to pay all commissions owing pursuant to a certain Commission Agreement dated the 24th day of August, 1982 in favour of the undersigned to Messrs. Thomson, Rogers, Barristers & Solicitors, or as they may in writing direct, and this shall be your good and sufficient authority for so doing. For greater certainty, it is acknowledged that the amount of the commission is $5,400,000 and will be payable by certified cheque.

DATED at Toronto, this 3rd day of November, 1982.

TRI BRAUN CORP.

Per: ______________________ (c/s)
President

Cheque dated November 8,
1982 from Prousky and Biback
to Credit Suisse Canada

PROUSKY AND BIBACK
BARRISTERS AND SOLICITORS
2 TORONTO ST., 4TH FLOOR
TORONTO, ONTARIO M5C 2B6

1071

Nov. 8th 19 82

PAY TO THE ORDER OF ----------Credit ~~Swiss~~ SUISSE Canada---------- $20,000,000.00

20,000,000 00/100 DOLLARS

RE Crown Trust Company

The First Canadian Bank
Bank of Montreal
18 KING ST. EAST
TORONTO, ONTARIO

PROUSKY AND BIBACK
TRUST ACCOUNT 1013-800

Bank of Montreal
King & Victoria
18 King St. E.
Toronto, Ont.
NOV - 5 1982
1-415
Certified

Bank of Montreal
NOV 8 1982
1-415
King & Victoria
18 King St. E.
Toronto, Ont.

⑈04152⑉001⑈ 1013⑉800⑈ 2000000000⑈

2235911

48 04952-001
BANK OF MONTREAL

00012-258
CREDIT SUISSE CANADA
NOV - 8 1982
2400 COMMERCE COURT
TORONTO, ONTARIO
00012-258

00002-010
CANADIAN IMPERIAL
BANK OF COMMERCE
8 NOV 1982
197

'82' 08
TORONTO, ONT.

Letter dated November 11, 1982 from Prousky and Biback to Gordon, Traub firm re payment of $15.5 million

November 11th, 1982

Gordon, Traub & Rotenberg,
Barristers & Solicitors,
5th Floor,
390 Bay Street,
Toronto, Ont.
M5H 2Y2

Attention: Mr. Rotenberg

Dear Sir:

We hereby confirm that on November 9th, 1982 our law firm forwarded to your law firm, the sum of $15,503,693.83.

We understand tht you have received instructions with respect to the disbursement of same.

Yours very truly,

PROUSKY & BIBACK
Per:

VP/mw

Victor Prousky, Q.C.

Letter dated January 3, 1983 from Rosenberg to Prousky respecting commission of $3.6 million

LEONARD C. ROSENBERG

49 YONGE STREET, TORONTO, ONTARIO, CANADA M5E 1J1 TELEPHONE 862-0111 TELEX 06-22261

Jan 3, 1983

Victor Bromsky
2 Toronto St
Toronto, Ontario

Re Lebow Fee.

Dear Sir;

Please be advised that I have settled with Mr Lebow over the fee held by you. This will be your authority to release same to him or to whomever he directs.

Yours truly

Leonard Rosenberg

Prousky and Biback cheque to Greymac Trust for $3.6 million re commission

PROUSKY AND BIBACK
BARRISTERS AND SOLICITORS
2 TORONTO ST., 4TH FLOOR
TORONTO, ONTARIO M5C 2B6

1062

Nov. 8th 19 82

PAY TO THE ORDER OF ---------Greymac Trust Company-------------------- $ 3,600,000.00

THE SUM – SOMME DE 3,600,000 00/100 DOLLARS

RE Purch-fr.Cadillac Fairview

The First Canadian Bank
Bank of Montreal
18 KING ST. EAST
TORONTO, ONTARIO

PROUSKY AND BIBACK
TRUST ACCOUNT 1013-800

⑆04152⑉001⑆ 1013⑉800⑈ ⑈0360000000⑈

Deposited to the credit of
PAYEE
GREYMAC TRUST
HEAD OFFICE
TORONTO

PAY TO THE ORDER OF
BANK OF MONTREAL
6 KING ... YONGE
TORONTO ONT.
97203
NOV 30 1982

25 BANK OF MONTREAL 25
TORONTO REGIONAL
DATA CENTRE
25 25

NO '82' 08
BANK OF MONTREAL
TORONTO REGIONAL
DATA CENTER

Analysis of 1982 income of Greendoor Investments

GREENDOOR INVESTMENTS LIMITED

ANALYSIS OF INCOME - 1982

PROJECT	DATE	GROSS DOLLARS (,000)	508794 (Howard) ONTARIO LIMITED (,000)	389006 (Player) ONTARIO LIMITED (,000)	GREENDOOR (,000)
Cadillac Fairview	Nov.	8,100	300	200	
			2,475	373	
				2,192	
approximate interest paid			(75)	(65)	
		8,100	2,700	2,700	2,700
Rexdale Blvd & Robert Hicks Drive	Jan.	243			243
Bencor	Apr.	60	30		30
Maricou phase 2	Apr.	240	120		120
Rexdale Blvd & Sportsman's Inn	May	64	32		32
Guelph	June	132	66		66
Pine St., Sault Ste. Marie	June	94	47		47
360 Newkirk	July	146	16		130
360 Newkirk (BMI shares)	July	53			53
Feldman buildings	Sept.	356	178		178
Graat buildings	Sept.	513	171	171	171
Hamilton mortgage	Oct.	62	16	30	16
71 units Brampton	Oct.	131	48	18	65
North Bay	Nov.	75	25	25	25
Brampton - cash	Dec.	166	83		83
Brampton - receivable		83		83	
Ottawa - cash	Dec.	150	75		75
Ottawa - receivable		150	75		75
City Park - cash	Dec.	115			115
City Park - receivable		115	115		
Betel mortgage	Dec.	25			25
Pell mortgage	Dec.	31			31
Dunn mortgage	Dec.	41			41
Bowes Road	Dec.	53			53
less paid to 451082 Ontario Ltd.		(343)			(343)
		$10,855	$3,797	$3,027	$4,031

Letter dated December 9, 1982, with submission (Notice of change in Control) to United States Banking Authorities re Dixie Bank attached

VALDÉS-FAULI, RICHARDSON & COBB
PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELLORS
1401 AMERIFIRST BUILDING
ONE SOUTHEAST 3RD AVENUE
MIAMI, FLORIDA 33131
(305) 358-5550
TELEX 681169 VALFA

December 9, 1982

VIA FEDERAL EXPRESS
Mr. Leonard Rosenberg
Lyon Wexler, Q.C.
Greymac Credit Corporation
49 Yonge Street
Toronto, Ontario, Canada M5E 1J1

Re: Dixie National Bank of Miami, Florida

Dear Leonard and Lyon:

Enclosed is a file copy for you of the completed Notice of Change in Control which was submitted to the U. S. Comptroller in Atlanta. Since the original submission, a copy of which you already received, two changes have been made: use of an original signature page, and revision of questions 15 and 16 on pages 8 and 8A of the Notice. Responses to these questions were revised, after consultation with Marvin Rosen, so that Leonard would appear to be more of a passive investor in the Bank rather than the active manager of the Bank. We think that this strategy will assist, at least to some small degree, in preventing the Comptroller from reacting against the proposed Change in Control.

Lyon has raised the question about a possible visit to Atlanta to meet with the Comptroller's representatives. It is not clear at this time that such a meeting would be useful, but I will advise you again within the next few days.

Sincerely,

Roderick N. Petrey

RNP/rep
Enc. (as noted)

Part B - Biographical Information on Each Participant in the Change of Control

(Use separate forms for each participant. Remember to indicate "No", "None", or "Not Applicable" where appropriate.)

(A) Name

Rosenberg	Leonard	Charles
(Last)	(First)	(Middle)

(B) Date of Birth

October	17	1939
(Month)	(Day)	(Year)

(C) Place of Birth

Montreal	Quebec	Canada
(City)	(Province)	(Country)

(D) Citizenship

Canadian (perhaps U.S. through parent - not estab
(Country) (Date, if Naturalized)

(E) Social Insurance Number (Can.) (Optional) 415-722-792

(F) Telephone Number

416-889-4181	416-862-0111
(Home)	(Business)

(G) Dependents and other Relatives in Household

Name	Age	Relationship
1. Renee Kronis Rosenberg	39	Wife
2. Alison (NMI) Rosenberg	15	Daughter
2. Holly E* Rosenberg	12	Daughter

* Initial only. No middle name.

(H) Indicate all other names now or formerly used, include the reasons for use or change, and the period of use. Be sure to include maiden name, names by former marriages, names legally or otherwise changed, aliases, etc.

Name	Period of Use	Reason for Use
None		

Section 2 - Past Residences

Indicate, in reverse chronological order, all your places of residence during the past five years. Include location and dates of residence.

Number and Street	City	Province	(Zip Code)	From Mo./Yr.	To Mo./Yr.
33 Laureleaf Road	Thornhill	Ontario, Canada	L3T 2X4	2/64	Present

Section 3 - Education and Professional Credentials

(A) Indicate highest education level attained, all college degrees, and attendance at Graduate Schools of Banking. Include location of school(s), dates of attendance, and degree, major or area of concentration.

Name of School	Location	Date of Attendance	Degree and Major
1. University of Buffalo	Buffalo, N.Y.	2/58-2/61	No degree; studied business administration
2. Hillfield College	Hamilton, Ont.	10/57-12/57 (3 mos.)	No degree
3. West Dale High School Grades 9-12	Hamilton, Ont.	1953-57	High School Diploma
4. Dale Wood Public School Grades 7-8	Hamilton, Ont.	1951-53	N/A
5. West Flamboro Public School Grade 6	Dundass, Ont.	1950-51	N/A
6. George R. Allen Public School Grades 1-5	Hamilton, Ont.	1945-50	N/A

(B) Indicate each professional license or similar certificate you now hold or have ever held, for examples, Attorney, Physician, C.P.A., teaching certificate. Include type of certificate, issuing authority, date issued, and expiration date. In the last column, describe any limitation imposed and the extent of activity under license.

License	Issuing Authority	Date Issued	Expiration Date	Extent of Activity
None				

Section 4 - Military Service

Indicate the following information regarding all United States Military service.

Branch of Service	Serial or Service Number	From Mo./Yr.	To Mo./Yr.	Highest Rank Attained	Date and Type of Discharge

None in U.S., Canada or any other country

Section 5 - Employment

(A) Indicate the following regarding your present employment.

Name of Employer	Parfor Investments, Ltd.
Address Number and Street	49 Yonge Street
City, State, Zip Code	Toronto, Ontario, Canada M5E 1J1
Name and Title of Supervisor	N/A
Nature of Business	Management Services for financial organizations and investment activities
Date of Employment	1967
Starting Salary	Under $100,000 (approximate fee from Greymac Credit Corporation)
Current Salary	$250,000 (approximate fee from Greymac Credit Corporation)
Current Title and Job Description	Parfor Investments, Inc., is a company

wholly owned and controlled by Leonard Rosenberg. He is President and Chief Executive Officer of Parfor Investments, Inc.

Section 5 - Employment, continued

(B) Indicate the following, in reverse chronological order, regarding each past employment, during the past 5 years. (Use a separate sheet for each employment.

Name of Employer ______N/A______

Address

Number and Street ____________________

City, State and Zip Code ____________________

Name and Title of Supervisor ____________________

Nature of Business ____________________

____

Dates of Employment From __________ To __________

Starting Salary $____________________

Ending Salary $____________________

Title and Job Description ____________________

____

____

____

____

____

____

____

____

Reason for Leaving ____________________

____

____

Section 5 - Employment, continued

(C) If you have been discharged or asked to resign from any past employment, please indicate. Include name of employer, the position from which you were discharged, date of action, and an explanation of the situation.

Name of Employer	Position	Date of Discharge	Explanation
None			

(D) Indicate each disciplinary proceeding or action of which you are, or have been, the subject, with respect to any professional license you hold or have ever held, for example, disbarment, censure of conduct, revocation of license, etc. Include the type of license, the authority initiating the proceedings, the type of action, the dispostion or current status of the action, and the date of disposition, if any.

License	Name of Authority	Nature of Proceedings	Disposition and Date
None			

Section 6 - Criminal Offenses

(A) Indicate each arrest, indictment or conviction by any law enforcement agency, other than minor traffic violations. Include the nature of the charge, the date of the charge, the jurisdiction and location in which the charge was filed, the disposition or current status of the charge and the date of the disposition, if any.

Nature or Charge	Date	Jurisdiction and Location	Disposition	Date
None				

(B) Indicate each charge, indictment or conviction by any law enforcement agency, against any business or enterprise with which you have been associated as an officer, director or major shareholder (owning 5 percent or more of the outstanding stock). Indicate the name and type of business; your relationship with the business, including the percent of stock owned, if any; the nature of the charge, the date of the charge; the jurisdiction and location in which the charge was filed; the disposition or current status of the charge; and the date of disposition, if any.

Business	Relationship	Nature of Charge	Date	Jurisdiction and Location	Disposition	Date
None						

(C) Indicate any civic, fraternal or professional associations of which you are a member. Include the name of the organization and the location with which you are affiliated, the nature of the organization, and any offices or positions you hold in the organization.

Name and Location of Organization	Nature of Organization	Offices Held
1. Empire Club of Canada, Toronto	Select Businessmen's club	None
2. Board of Trade of Metropolitan Toronto	Chamber of Commerce	None
3. Board of Trade of City of Mississauga	Chamber of Commerce	None
4. Presidents Association, American Management Association, New York City	Management Skills Training	None
5. Men's Service Group, Baycrest Center for Geriatric Care, Toronto	Operating Geriatric and Chronic Care Hospital	None
6. Athletic Club of Canada, Ottawa	Amateur Athletics	None

(D) Indicate the names and complete mailing addresses, including Zip Codes, of three (3) personal references. These references should have a personal knowledge of your character, reputation and background, and should not be related to you, or in any way associated with this proposal.

Name	Address	Occupation
1. Howard Eaton	1801 Toronto Dominion Tower Edmonton Centre Edmonton, Alberto Canada T5J 2Z1	Chairman of Board, Canadian Commercial Bank
2. Victor Prousky, Q.C.	390 Bay Street Toronto, Ontario Canada M5H 2Y2	Barrister & Solicitor
3. Daniel Gordon, Esquire	390 Bay Street, 5th Floor Toronto, Ontario Canada M5H 2Y2	Barrister & Solicitor

Section 7 - Miscellaneous Information

(A) Indicate any bank(s) or other financial institution(s) with which you have been associated as a director, officer, employee or major shareholder (owning 5 percent or more of the outstanding stock). It is not necessary to repeat information detailed in Section 5 - Employment. Include the name and location of each institution, your relationship with it, the percent of outstanding stock you owned, if any, and the dates of the relationship.

Name and Location of Institution	Relationship	Percent Ownership	From Mo./Yr.	To Mo./Yr.
1. Greymac Credit Corporation, Toronto Ontario, Canada	-Owner, President, Member, Board of Directors	51%	1975	Present
2. Greymac Mortgage Company, Toronto, Ontario, Canada	-Owner (through Greymac Credit)	51%	1976	10/82
3. Greymac Trust Company, Toronto, Ontario, Canada	-Owner (through Greymac Credit)	51%	9/81	Present
4. Crown Trust Company, Toronto Ontario, Canada	-Owner (through Greymac Credit) Chairman, Board of Directors	90%	10/82	Present

(B) Indicate any businesses (corporation, partnership or other) with which you are associated as an officer, director or major shareholder (owning 5 percent or more of the outstanding stock). It is not necessary to repeat information detailed in Section 5 or Section 7(A). Include the name and location of each business, the nature of the business, your relationship with it, the percent of outstanding stock you own, if any, and the date you established the relationship.

Name and Location of Institution	Nature of Business	Relationship	Percent of Ownership	Date
1. Worthy Investments, Toronto, Ontario, Canada	-Mortgage Investment Company	Owner, Director Officer (Sec'y)	50%	1965
2. Renee Rosenberg Investments, Inc. Toronto, Ontario Canada	-Mortgage Investment Company	Manager	0%	1972

Part C - Financial Information

All amounts on this schedule and any attachments should be rounded to the nearest dollar and must agree with the appropriate supplementary schedules. Amounts listed should represent only your beneficial or pro-rata interest if assets are held in joint title or by another for your benefit. You may, however, file a joint statement with your spouse. The financial statements should be for the last fiscal year and an interim statement as of a date not more than ninety (90) days prior to the date of the filing of this Notice. The supplementary schedules are required for the most recent fiscal year and the interim period, if applicable. Although 12 USC 1817(j)(6)(B) requires that all financial statements be prepared in accordance with generally accepted accounting principles consistently applied, the Comptroller will permit the required financial information to be presented in the schedule below. An individual may, however, at his option, substitute, CPA prepared or certified statements. (If more than one acquiring party is involved, use a separate sheet for each.)

Assets	FY(CY) 1981	Interim	Liabilities	FY(CY) 1981	Interim
Cash (List on Schedule A)	$ 100,000	$16,410,000	Accounts Payable	$ 0	$ 0
Marketable Securities (List on Schedule B)	0	0	Real Estate Loans (List on Schedule D-2)	150,000	150,000
Notes Receivable (List on Schedule C)	0	4,121,000	Other Loans and Notes (List on Schedule G)	0	0
Real Estate (List on Schedule D-1)	600,000	1,050,000	Other Liabilities (List on Schedule H)	0	0
Proprietary Interests (List on Schedule E)	11,638,000	13,446,000	Total Liabilities	$150,000	$150,000
Other Assets (List on Schedule F)	550,000	700,000	Net Worth (Total assets less total liabilities)	$12,738,000	$35,577,000
			Contingent liabilities (List on Schedule I)	0	0
Total Assets	$12,888,000	$35,727,000			

Date of last fiscal year: Calendar Year 1981 Ending 12/31/81

Date of interim period: First eleven months of 1982 Ending 11/30/82

Name Leonard C. Rosenberg

Schedule A - Cash

Indicate accounts in banks or other financial institutions held jointly or otherwise, including checking accounts, time and savings accounts, cash in your possession or immediately available including funds in vaults or safety deposits boxes. Include the name and address of the financial institution at which held, the name(s) in which each account is held, the identifying account number, the type of account, and the amount in the account, in dollars. (Use separate sheets for the last fiscal year and the interim period.)

Name and Address of Financial Institution or Depository	Exact name(s) on Account	Account Number	Type of Account	Amount
1. Greymac Trust Company 49 Yonge Street Toronto, Ontario Canada M5E 1J1	Leonard C. Rosenberg	139060	Checking	$ 20,000
2. Personal Vault (can be produced on request by U.S. authorities)				80,000

Total $100,000

Date of Statement December 31, 1981
Mo. Day Yr.

(FY/CY 1981)

Schedule A - Cash

Name Leonard C. Rosenberg

Indicate accounts in banks or other financial institutions held jointly or otherwise, including checking accounts, time and savings accounts, cash in your possession or immediately available including funds in vaults or safety deposits boxes. Include the name and address of the financial institution at which held, the name(s) in which each account is held, the identifying account number, the type of account, and the amount in the account, in dollars. (Use separate sheets for the last fiscal year and the interim period.)

Name and Address of Financial Institution or Depository	Exact name(s) on Account	Account Number	Type of Account	Amount
1. Greymac Trust Company 49 Yonge Street Toronto, Ontario Canada M5E 1J1	Leonard C. Rosenberg	139060	Checking	$ 20,000
2. Personal Vault (can be produced on request by U.S. authorities)				100,000
3. On deposit with attorneys in Canada				15,000,000
4. On deposit with Flagship National Bank of Miami				710,000
5. On deposit with Dixie National Bank of Miami				580,000
		Total		$16,410,000

Date of Statement November 30, 1982
Mo. Day Yr.

(Interim)

Schedule B - Marketable Securities

Name Leonard C. Rosenberg

Indicate all debt and equity securities listed on an exchange or otherwise regularly traded in an open market. Securities of closely held corporations should be listed on Schedule E - Proprietary Interests. Separate debt and equity securities and include for each the name of the issuer, the principal amount or number of shares held, the interest rate and maturity or the class of stock, the name(s) in which the securities are registered, the exchange on which the security trades, the cost of the security, and the market value. (Use separate sheets for last fiscal year and interim period.)

Debt Securities

Name of Issuer	Principal Amount	Interest Rate and Maturity	Registered Owner(s)	Exchange	Cost	Principal	Market Value
None							

Equity Securities

Name of Issuer	Number of Shares	Class of Stock	Registered Owner(s)	Exchange	Cost	Market Value
None						

Total $ 0

Date of Statement December 31, 1981
Mo. Day Yr.

Name Leonard C. Rosenberg

Schedule B - Marketable Securities

Indicate all debt and equity securities listed on an exchange or otherwise regularly traded in an open market. Securities of closely held corporations should be listed on Schedule E -- Proprietary Interests. Separate debt and equity securities and include for each, the name of the issuer, the principal amount or number of shares held, the interest rate and maturity or class of stock, the name(s) in which the securities are registered, the exchange on which the security trades, the cost of the security, and the market value. (Use separate sheets for last fiscal year and interim period.)

Debt Securities

Name of Issuer	Principal Amount	Interest Rate and Maturity	Registered Owner(s)	Exchange	Cost	Principal	Market Value
None							

Equity Securities

Name of Issuer	Number of Shares	Class of Stock	Registered Owner(s)	Exchange	Cost	Market Value
None						

Total $ 0

Date of Statement November 30, 1982
Mo. Day Yr.

(Interim)

-13-

Schedule C — Notes Receivable — Name Leonard C. Rosenberg

Indicate all notes receivable. If the Note(s) is payable to you and others jointly, indicate only your beneficial interest under Current Balance. Include name and address of the obligor; the date the note was issued; its maturity and terms of repayment; the interest rate; a description and the fair market value of the collateral; the original amount of the entire note, with your beneficial interest, if different, below in parentheses; and your interest in the current balance. (Use separate sheets for last fiscal year and interim period.)

Name and Address of Obligor	Date of Origin	Maturity and Repayment Terms	Interest Rate	Description and Value of Collateral	(Beneficial Interest) Original Amount	Current Balance
None						
					Total	0

Date of Statement: Dec. 31, 1981 (Mo. Day Yr.)

(FY/CY 198[illegible])

-14-

Schedule C - Notes Receivable Name Leonard C. Rosenberg

Indicate all notes receivable. If the Note(s) is payable to you and others jointly, indicate only your beneficial interest under Current Balance. Include name and address of the obligor; the date the note was issued; its maturity and terms of repayment; the interest rate; a description and the fair market value of the collateral; the original amount of the entire note, with your beneficial interest, if different, below in parentheses; and your interest in the current balance. (Use separate sheets for last fiscal year and interim period.)

Name and Address of Obligor	Date of Origin	Maturity and Repayment Terms	Interest Rate	Description and Value of Collateral	(Beneficial Interest) Original Amount	Current Balance
None						

Total 0

Date of Statement Nov. 30, 1982
Mo. Day Yr.

Schedule D-1 - Real Estate Name Leonard C. Rosenberg

Indicate all real property in which you hold a beneficial interest. Include a description of the property and its location, the name(s) in which the title is held, the date you acquired the property, the cost of your interest at that time, and the current value of your interest. Under the heading "Name(s) in Which Title Held" include any co-owner(s) and the percentage of each interest. If title is held by another for your benefit, describe the nature and extent of your interest. Real estate loans should be listed on Schedule D-2 using the same number used for the property on this schedule. (Use seprate sheets for last fiscal year and interim period, if appropriate.)

Number	Description and Location	Name(s) in Which Title is Held	Date Acquired	Cost	Current Value
1	33 Laureleaf Road Thornhill, Ontario Canada L3T 2X4	Renee Rosenberg (wife) - 100% - beneficially held for Leonard Rosenberg	1960	$ 30,000	$450,000
2	Condominium, Acapulco, Mexico	Leonard Rosenberg	2/77	$ 80,000	$150,000
				Total	$600,000

Date of Statement December 31, 1982
Mo. Day Yr.

(FY/CY 1981)

Name Leonard C. Rosenberg

Schedule D-1 – Real Estate

Indicate all real property in which you hold a beneficial interest. Include a description of the property and its location, the name(s) in which the title is held, the date you acquired the property, the cost of your interest at that time, and the current value of your interest. Under the heading "Name(s) in Which Title Held" include any co-owner(s) and the percentage of each interest. If title is held by another for your benefit, describe the nature and extent of your interest. Real estate loans should be listed on Schedule D-2 using the same number used for the property on this schedule. (Use seprate sheets for last fiscal year and interim period, if appropriate.)

Number	Description and Location	Name(s) in Which Title is Held	Date Acquired	Cost	Current Value
1	33 Laureleaf Road Thornhill, Ontario Canada L3T 2X4	Renee Rosenberg (wife) – 100% – beneficially held for Leonard Rosenberg	1960	$ 30,000	$450,000
2	Condominium, Acapulco, Mexico	Leonard Rosenberg	2/77	$ 80,000	$100,000
3	Lumar Island Georgian Bay, Ontario	Leonard Rosenberg	9/82	$350,000	$500,000

Total $ 1,050,000

Date of Statement November 30, 1982
Mo. Day Yr.

Schedule D-2 -- Real Estate Loans Name Leonard C. Rosenberg

Indicate all real estate loans. Include the number of the property from Schedule D-1, the name and address of the creditor, the date the note was issued, co-maker(s) and percent share for each, the original amount of the note, its maturity and repayment terms, the interest rate and your share of the current liability. Indicate any debt that is contractually delinquent by an asterisk next to the current balance figure. (Use separate sheets for last fiscal year and interim period.)

Number	Name and Address of Creditor	Date of Note	Co-maker(s) and percent share	Original Amount	Maturity and Repayment Terms	Interest Rate	Current Balance
1	[illegible] Credit Corporation 49 Yonge Street Toronto, Ontario Canada [illegible]	1979	Renee Rosenberg 100% - personally guaranteed by Leonard Rosenberg	$150,000	Open	10%	$150,000

Total $150,000

Date of Statement December 31, 1981
Mo. Day Yr.

(5/6/1981)

Schedule D-2 - Real Estate Loans

Name Leonard C. Rosenberg

Indicate all real estate loans. Include the number of the property from Schedule D-1, the name and address of the creditor, the date the note was issued, co-maker(s) and percent share for each, the original amount of the note, its maturity and repayment terms, the interest rate and your share of the current liability. Indicate any debt that is contractually delinquent by an asterisk next to the current balance figure. (Use separate sheets for last fiscal year and interim period.)

Number	Name and Address of Creditor	Date of Note	Co-maker(s) and percent share	Original Amount	Maturity and Repayment Terms	Interest Rate	Current Balance
1	Greymac Credit Corporation 49 Yonge Street Toronto, Ontario Canada M5E 1J1	1979	Renee Rosenberg 100% - personally guaranteed by Leonard Rosenberg	$150,000	open	10%	$150,000
						Total	$150,000

Date of Statement November 30, 1982
Mo. Day Yr.

(interim)

Indicate all business enterprises in which you hold a beneficial interest, and which are not
included in Schedule B. The term "business enterprise" includes any corporation, association
partnership, business trust, sole proprietorship or other business, the shares of which are not
listed on a securities exchange or otherwise regularly traded. Include the name and address of
the business, the legal form of the business, the type of business, the nature of your interest
and percentage of your ownership, the date you acquired that interest, and the current value of
your interest. Attach year-end financial statements, including profit and loss statements, for
the last two fiscal years for each business interest in which your interest is equal to 10
percent or more of your net worth. (Use separate sheets for last fiscal year and interim
period.)

Name and Address of Business	Legal Form of Business	Nature of Business	Nature of Interest and Percent	Date Acquired	Current Value Book	Current Value Market
1. Greymac Credit Corporation 49 Yonge Street Toronto, Ontario Canada M5E 1J1	Corporation including several wholly-owned subs - Greymac Mortgage and Greymac Trust	Financial Investment Holding Co.	Owner 51%	1975	\$13,037,176* x51% =\$ 6,648,959	\$22,815 x51% \$11,635
2. Worthy Investments 49 Yonge Street Toronto, Ontario Canada M5E 1J1	Corporation	Mortgage Investment Co.	Owner 50%; Director; Officer (Sec'y)	1965	\$2,000	\$2,000

1981 Total Book: \$ 6,650,959
Market: \$11,637,679

*Valued as follows: Shareholders equity,
Greymac Credit Corporation . . . \$3,725,176
C.C.B. Loan retired subsequent
to year end . . . . \$7,000,000 (FY/CY 1981)
Excess shown on Greymac Mortgage
statements (retained earnings) \$2,312,000
\$13,037,176

Date of Statement December 31, 1981
Mo. Day Yr.

**Market valued at 1.75 times book based on multiples in recent similar transactions

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Schedule E - Proprietary Interest Name: Leonard C. Rosenberg

Indicate all business enterprises in which you hold a beneficial interest, and which are not included in Schedule B. The term "business enterprise" includes any corporation, association partnership, business trust, sole proprietorship or other business, the shares of which are not listed on a securities exchange or otherwise regularly traded. Include the name and address of the business, the legal form of the business, the type of business, the nature of your interest and percentage of your ownership, the date you acquired that interest, and the current value of your interest. Attach year-end financial statements, including profit and loss statements, for the last two fiscal years for each business interest in which your interest is equal to 10 percent or more of your net worth. (Use separate sheets for last fiscal year and interim period.)

Name and Address of Business	Legal Form of Business	Nature of Business	Nature of Interest and Percent	Date Acquired	Current Value Book	Current Value Market
1. Greymac Credit Corporation 49 Yonge Street Toronto, Ontario Canada M5E 1J1	Corporation including several subs: Greymac Trust (100%) and Crown Trust (90%)	Financial Investment Holding Co.	Owner: 51% Values with pro forma effect of sale of Greymac Mortgage and purchase of Crown Trust	1975	$6,722,000*	$13,444,
2. Worthy Investments 49 Yonge Street Toronto, Ontario Canada M5E 1J1	Corporation	Mortgage Investment Co.	Owner: 50%; Director; Officer (Sec'y)	1965	$2,000	$2,000

Total Book: $ 6,724,000
Market: $13,446,000

Date of Statement November 30, 1982

* Valued as follows: Retained earnings and appraisal surplus of Greymac Credit Corporation on pro forma consolidated balance sheet as of 9/30/82 of $42,592,000 x 51% = $21,721,920 minus $15,000,000 which Mr. Rosenberg has withdrawn (See cash assets for interim Period) equals $6,721,920 (rounded to $6,722,000)

** Valued at 2 times book value based on recent similar sales

(Interim)

Schedule F — Other Assets　　　Name Leonard C. Rosenberg

Indicate any assets or properties, not set forth in the previous schedules. These might include automobiles, jewelry, cash surrender value of life insurance, etc. Assets with a current market value of $1,000 or less may be grouped together, listing their total value only. Include a description of the asset, the percent you own, its cost, any insurance held on the asset, and the current value of your portion. (Use separate sheets for last fiscal year and interim period.)

Description of Asset	Percent Ownership	Cost	Insurance	Current Value
1. Art Collection - located at personal residence	100%	$220,000	N/A	$300,000
2. Furniture, Fixtures, Antiques, Silver - at personal residence	100%	$175,000	N/A	$250,000
			Total	$550,000

Date of Statement Dec. 31, 1981
Mo. Day Yr.

(FY/CY 1981)

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Name Leonard C. Rosenberg

Schedule F - Other Assets

Indicate any assets or properties, not set forth in the previous schedules. These might include automobiles, jewelry, cash surrender value of life insurance, etc. Assets with a current market value of $1,000 or less may be grouped together listing their total value only. Include a description of the asset, the percent you own, its cost, any insurance held on the asset, and the current value of your portion. (Use separate sheets for last fiscal year and interim period.)

Description of Asset	Percent Ownership	Cost	Insurance	Current Value
1. Art Collection - located at personal residence	100%	$220,000	N/A	$450,000
2. Furniture, Fixtures, Antiques, Silver - at personal residence	100%	$175,000	N/A	$250,000
			Total	$700,000

Date of Statement Nov. 30, 1982
Mo. Day Yr.

(Interim)

Schedule G – Other Loans and Notes Payable Name Leonard C. Rosenberg

Indicate all loans or notes payable other than those listed on Schedule D-2. Include the name and address of the creditor, the date the loan was made and the original amount, any co-maker(s) and the percent share for each, a description and the value of collateral you pledged, the maturity and repayment terms, and your share of the current liability. Indicate any debt that is contractually delinquent by an asterisk next to the current balance figure. (Use separate sheets for last fiscal year and interim period.)

Name and Address of Creditor	Date of Loan and Original Amount	Co-makers and Percent Share	Description and Value of Collateral	Maturity and Repayment Terms	Current Balance
None					

Total 0

Date of Statement Dec. 31, 1981
Mo. Day Yr.

(FY/CY 1981)

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Name Leonard C. Rosenberg

Schedule G - Other Loans and Notes, Payable

Indicate all loans or notes payable other than those listed on Schedule D-2. Include the name and address of the creditor, the date the loan was made and the original amount, any co-maker(s) and the percent share for each, a description and the value of collateral you pledged, the maturity and repayment terms, and your share of the current liability. Indicate any debt that is contractually delinquent by an asterisk next to the current balance figure. (Use separate sheets for last fiscal year and interim period.)

Name and Address of Creditor	Date of Loan and Original Amount	Co-makers and Percent Share	Description and Value of Collateral	Maturity and Repayment Terms	Current Balance
None					
				Total	0

Date of Statement Nov. 30, 1982
Mo. Day Yr.

(Interim)
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Schedule H - Other Liabilities Name Leonard C. Rosenberg

Indicate all other obligations, liabilities, debts, taxes or judgments not reflected in other schedules. Include name and address of creditor, the type of debt, a description and the value of any collateral, the date the debt was incurred, the maturity and repayment terms, and the current balance. (Use separate sheets for last fiscal year and interim period.)

Name and Address of Creditor	Form of Debt	Description and Value of Collateral	Date Incurred	Maturity and Repayment Terms	Current Balance
				Total	0

Date of Statement Dec. 31, 1982
Mo. Day Yr.

(FY/CY 1982)

Schedule H - Other Liabilities

Name: Leonard C. Rosenberg

Indicate all other obligations, liabilities, debts, taxes or judgments not reflected in other schedules. Include name and address of creditor, the type of debt, a description and the value of any collateral, the date the debt was incurred, the maturity and repayment terms, and the current balance. (Use separate sheets for last fiscal year and interim period.)

Name and Address of Creditor	Form of Debt	Description and Value of Collateral	Date Incurred	Maturity and Repayment Terms	Current Balance
				Total	0

Date of Statement: Nov. 30, 1982
Mo. Day Yr.

(Interim)

Schedule I — Contingent Liabilities

Name: Leonard C. Rosenberg

(A) Indicate any notes, loans, bonds, accounts or other obligation for which you are contingently liable. Include the name and address of creditor, the name and address of the debtor you are securing, the nature of your liability, such as endorser, guarantor, co-maker or other, a description and the value of collateral pledged, the original amount of the loan, and the current balance of the amount you are securing. Indicate any liability that is contractually delinquent by an asterisk next to the current balance figure. (Use separate sheets for last fiscal year and interim period.)

Name and Address of Creditor	Name and Address of Debtor	Nature of Liability	Description and Value of Collateral	Original Amount	Current Balance
None					

(B) Indicate any of your assets that are pledged to secure the debt of another, and for which you are liable only to the extent of the collateral. Do not include amounts listed in other schedules of Part B.

Name and Address of Creditor	Name and Address of Debtor	Description and Value of Collateral	Original Amount	Current Balance
None				

(C) Indicate any lawsuit or other proceeding for which a claim of money or damages has been made against you. Actual judgments for which you are liable should be detailed liabilities on Schedule H — Other Liabilities.

Nature of Proceedings	Court of Jurisdiction	Date of Action	Potential Liability
None			
		Total	-0-

Date of Statement: Dec. 31, 1981
Mo. Day Yr.

(FY/CY 1981)

Name Leonard C. Rosenberg

Schedule III - Contingent Liabilities

(A) Indicate any notes, loans, bonds, accounts or other obligation for which you are contingently liable. Include the name and address of creditor, the name and address of the debtor you are securing, the nature of your liability, such as endorser, guarantor, co-maker or other, a description and the value of collateral pledged, the original amount of the loan, and the current balance of the amount you are securing. Indicate any liability that is contractually delinquent by an asterisk next to the current balance figure. (Use separate sheets for last fiscal year and interim period.)

Name and Address of Creditor	Name and Address of Debtor	Nature of Liability	Description and Value of Collateral	Original Amount	Current Balance
None					

(B) Indicate any of your assets that are pledged to secure the debt of another, and for which you are liable only to the extent of the collateral. Do not include amounts listed in other schedules of Part B.

Name and Address of Creditor	Name and Address of Debtor	Description and Value of Collateral	Original Amount	Current Balance
None				

(C) Indicate any lawsuit or other proceeding for which a claim of money or damages has been made against you. Actual judgments for which you are liable should be detailed liabilities on Schedule II - Other Liabilities.

Nature of Proceedings	Court of Jurisdiction	Date of Action	Potential Liability
None			
		Total	-0-

Date of Statement November 30, 1982
Mo. Day Yr.

Name Leonard C. Rosenberg

Part D - Additional Financial Information on Each Acquiring Party

(A) Describe any proceedings in bankruptcy, receivership, assignments for the benefit of creditors, or other similar proceedings for the benefit of creditors, of which you are, or have been the subject. Include full details.

None

(B) Describe all proceedings in bankruptcy, receivership, assignments for the benefit of creditors, or other proceedings for the benefit of creditors, the subject of which is, or was, a corporation or other business enterprise with which you have been associated as an officer, director or major shareholder (owning 5 percent or more of the shares outstanding). Include full details.

None

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Name: Leonard C. Rosenberg

(C) Indicate income on a cash basis received by you from all sources during the last fiscal year and the interim period of the current year.

Income	Last Fiscal Year (FY/CY 1981)	Interim	
Salaries, Wages, Commissions, Bonuses or other income from employment	$160,000	$ 229,000	(1)
		$4,600,000	(2)
Net income from dividends and interest	0	0	
Net income from rents and royalties	0	0	
Net income from individual business or profession, partnership, or joint venture	0	$15,000,000	(3)
Income or distribution from trusts or estates (Estate of Samuel Rosenberg, father)	3,400	3,400	
Other income (itemize any significant amounts with a footnote)	0	0	
Total income	$163,400	$19,832,400	
Taxes paid	0	NA	

Date of last fiscal year: 12 (Mo.) 31 (Day) 1981 (Yr.)

Date of interim period: 11 (Mo.) 30 (Day) 1982 (Yr.)

Notes to Interim Income Statement

(1) Income from Parfor Investments for 11 months based on $250,000/yr.

(2) Commissions from sales of real property and other business transactions.

(3) Dividend and commission income related to sale of Greymac Mortgage Corp., Cadillac Fairview transaction and other activities.

t I - Summary Fact Sheet

y of Bank Dixie National Bank of Dade County

ress of Bank 13001 South Dixie Highway, Miami, Florida 33156

posed Date of Acquisition of Control Acquisition will be made shortly after expiration f the tender offer contemplated by the Agreement, assuming the Comptroller has not issued Notice disapproving the proposed acquisition and assuming the Applicant has received ender offer acceptances for at least 80% of the Bank's shares of stock. (Approx. 2/28/83)

ise provide the following information about each acquiring party on the attached edule. Use additional sheets as necessary.

Name of person* filing the notice.

Mailing address of person filing the notice.

Country of residence of person filing the notice.

Status of person. See * below.

Citizenship or place of organization of each person.

Number of shares owned of record by the person and the percentage of the class represented thereby.

Number of shares owned beneficially, but not of record by the person and the percentage of class represented thereby.

Number and class of voting shares to be acquired and the percentage of the class represented thereby.

information will be publicly disclosed upon consumation of the transaction in ordance with OCC policy set forth in 12 CFR 5.50(i).

he person filing does not object to disclosure of this information upon acceptance he Notice for filing, so indicate by checking this box: /___/

As used herein, the term "person" means an individual or a corporation, partnership, trust, association, joint venture, pool, syndicate, sole proprietorship, unincorporated organization, or any other form of entity not specifically listed in 12 USC 1817(j)(8)(A).

(a)	Leonard C. Rosenberg	(c)	Canada	(f)	0	
(b)	33 Laureleaf Road	(d)	Individual	(g)	0	
	Thornhill, Ontario, Canada L3T 2X4	(e)	Canada	(h)	100,800–126,000	(80%–100%)
(a)		(c)		(f)		
(b)		(d)		(g)		
		(e)		(h)		
(a)		(c)		(f)		
(b)		(d)		(g)		
		(e)		(h)		
(a)		(c)		(f)		
(b)		(d)		(g)		
		(e)		(h)		
(a)		(c)		(f)		
(b)		(d)		(g)		
		(e)		(h)		

I certify that the information contained in this Notice of Change in Control of a National Bank has been carefully examined by me and is true, correct, and complete, and I acknowledge that any misrepresentation or omission of a material fact, with respect to the foregoing, constitutes fraud in the inducement and is grounds for denial of this proposal, and may subject the undersigned to other legal sanctions provided by 18 U.S.C. Sec. 1001. In addition, The Change in Bank Control Act of 1978 provides substantial civil penalties for willful violations.

(Signature)

Leonard C. Rosenberg
(Typed or printed name)

November 29, 1982
(Date of Signature)

EXHIBIT A

ASSIGNMENT OF AGREEMENT

Pursuant to a resolution of the Board of Directors of Greymac Credit Corporation, a corporation organized under the laws of the Province of Ontario, Canada ("Assignor"), and having its principal place of business at 49 Yonge Street, Toronto, Ontario, Canada M5E 1J1, and for good and valuable consideration, the receipt of which is hereby acknowledged, Greymac Credit Corporation hereby assigns to Leonard Rosenberg, an individual ("Assignee"), all of its rights and interests in that certain Agreement between Greymac Credit Corporation and Thomas F. Carney and Milton Mamber et al dated January 20, 1982, for the purchase of substantially all but not less than 80% of the shares of the Dixie National Bank of Dade County, N.A. ("Agreement"). Assignee hereby assumes and covenants to perform all of the duties of Assignor under the Agreement.

In witness whereof, Assignor and Assignee have executed this instrument on the 29th day of November, 1982.

GREYMAC CREDIT CORPORATION,
a corporation organized under the laws of the Province of Ontario, Canada

Attest: s/Lyon Wexler
Secretary

By: s/Leonard Rosenberg
President

LEONARD ROSENBERG, an Individual

By: s/Leonard Rosenberg

AGREED on behalf of all Vendors/Sellers in Agreement dated January 20, 1982:

s/Thomas F. Carney

s/Milton Mamber

December 15, 1981

AGREEMENT

CARY VR

THIS AGREEMENT is made this 20th day of January ~~November~~, 1982, by and between THOMAS F. CARNEY and MILTON MAMBER, both individuals who are residents of Dade County, in the State of Florida, ("the Vendors"); and GREYMAC CREDIT CORPORATION, a corporation incorporated under the laws of the Province of Ontario, Canada, ("the Purchaser").

WHEREAS, the Purchaser wishes to purchase one hundred percent (100%) but not less than eighty per cent (80%) of the issued and outstanding shares in the capital stock of Dixie National Bank of Dade County ("the Bank"); and

WHEREAS the Vendors have agreed to sell to the Purchaser all of the shares of the Bank which they now own, and shall endeavor to cause other shareholders of the Bank, who together with Vendors own, in the aggregate and not jointly, not less than eighty per cent (80%) of the issued and outstanding shares of the Bank, to sell their shares of the Bank to Purchaser under the same terms and conditions as Vendors shall sell their shares to Purchaser as specified in this Agreement;

NOW, THEREFORE, in consideration of the covenants, agreements, warranties and payments herein set out and provided for, the parties to this Agreement covenant and agree as follows:

1. Defined Terms and Construction

The following terms shall have the following meanings in this Agreement:

1.1 "the Shares" means all of the issued and outstanding Six Dollar ($6.00) par value common shares in the capital of the Bank;

1.2 "the Business" means the business carried on by the Bank consisting of the business of a commercial banking institution;

1.3 "Closing" means the consummation of the acquisition of at least eighty percent (80%) of the Shares by Purchaser, and "Closing Date" means the tenth business day following the expiration date of the tender offer referred to in Paragraph 9, on which Closing Date Purchaser shall acquire at least eighty percent (80%) of the Shares;

1.4 All dollar amounts referred to in this Agreement are in U.S. funds;

1.5 "Book Value" as at any date means the result of dividing the total number shown on the Bank's financial statements as at any date prepared by the Accountants and described as "Total Capital" thereon (including capital stock, surplus and undivided profits) by the number of Shares;

MM

1.6 "Operative Date" means the last day of the month immediately preceding the date on which Purchaser receives written notice of all governmental approvals required for this transaction, as referred to in Paragraph 8.1;

1.7 "Sellers" means the Vendors and all other shareholders of the Shares who shall execute, and agree to be bound to the extent Vendors are bound by, this Agreement at or before Closing;

1.8 "Accountants" means an independent firm of accountants to be selected by Purchaser;

1.9 "Escrow Agent" means a title company, bank, savings and loan association or other organization to be selected by Purchaser or such successor Escrow Agent as shall be substituted or appointed by the original Escrow Agent.

2. <u>Purchase Price</u>

2.1 Subject to the terms and conditions of this Agreement, the Vendors shall sell, assign, transfer and deliver to the Purchaser and the Purchaser shall purchase from the Vendors, and from all other Sellers of the Shares, all of the Shares which they own for an aggregate price equal to two times the Book Value as at the Operative Date, as determined by the Accountants (the "Purchase Price"). The Purchase Price shall be determined by the Accountants based upon the Bank's financial statements as of the Operative Date, as confirmed by the independent review of the Accountants, to be delivered by the Accountants to the Purchaser and to Vendors within three (3) business days after Purchaser receives written notice of all governmental approvals required for this transaction.

2.2 The Purchase Price shall be payable as follows:

(a) A deposit of Five Hundred Thousand Dollars ($500,000.00) ("the Deposit") shall be paid upon execution of this Agreement by the Purchaser to the Escrow Agent and shall be placed by Escrow Agent in an interest-bearing trust account, a certificate of deposit or a securities purchase and repurchase agreement with the Bank in the name of the Escrow Agent, under an escrow agreement in form and substance satisfactory to Purchaser and Vendors.

(b) Upon receipt by the Purchaser of all governmental approvals required for the Closing, and not later than five (5) days after the delivery to Purchaser by Accountants of the confirmed financial statement referred to in paragraph 2.1, the Purchaser shall deposit the balance of the Purchase Price with the Escrow Agent, to be invested by Escrow Agent in an interestbearing account, a certificate of deposit or a securities purchase and repurchase agreement in the name of the Escrow Agent in a banking institution of the Purchaser's choice;

(c) At Closing, Escrow Agent shall pay the Purchase Price to the Sellers in accordance with the provisions of this Agreement, provided that all conditions to Purchaser's obligations under this Agreement have been met, and shall pay all interest or other yield thereon to Purchaser. At the same time, Escrow Agent shall deliver the Shares to Purchaser free and clear of all liens and encumbrances with any and all stock assignment powers which Purchaser shall deem necessary. Sellers shall have delivered all encumbered Shares to Escrow Agent no later than ten (10) days in advance of Closing to permit Escrow Agent to make all arrangements to remove all liens and encumbrances on the Shares at Closing.

3. Addition of Parties as Vendors

Any individual or other party who owns any Shares of the Bank may enter into this Agreement as a "Seller" by executing this Agreement prior to Closing. Any individual or other party who executes the Agreement agrees to sell his Shares to Purchaser on all of the terms and conditions hereof, and agrees to be bound by all of the covenants, representations and warranties which the Vendors make to Purchaser in this Agreement and shall make at Closing, and agrees to perform, in a timely manner and without exception, all of the obligations of the Vendors in this Agreement and to cooperate with each and all other Sellers in fulfilling the obligations of this Agreement. During the period in which this Agreement is in full force and effect, Purchaser shall not offer to buy, and shall not buy, any Shares except under or in accordance with this Agreement.

4. Purchaser's Audit

For a period of forty-five (45) days from the date of this Agreement, Purchaser may have his representatives and/or the Accountants conduct an audit of the Bank's loan portfolio, assets, liabilities and other business activities and documents listed in Paragraph 7.1 to determine whether these are acceptable to the Purchaser (the "Audit"). The Audit shall be at Purchaser's election and sole expense. Seller shall cooperate in the Audit and shall cause the Bank to make available the books and records in Bank's possession which are necessary and appropriate to conduct the Audit. During the Audit, Purchaser's representatives and/or the Accountants shall be permitted to verify any of the representations and warranties contained in this Agreement including the acceptability of the Bank's loan portfolio. Within fifty (50) days from the date of this Agreement, Purchaser may determine that the condition of the Bank is not satisfactory to Purchaser, based on the results of the Audit, a copy of which Audit shall be delivered to Vendors at no cost to Vendors. If Purchaser does so determine, Purchaser shall give Vendors notice of such determination within the same fifty (50) day period. Vendors then shall have ten (10) days to respond to Purchaser's notice of the results of the Audit and to satisfy Purchaser regarding such results. If Vendors are unable to satisfy Purchasers regarding the results of the Audit within sixty (60) days from the date of this Agreement, the transaction contemplated by this Agreement may, at the sole option of Purchaser, be terminated. In such event, the Deposit, including accrued interest or other yield thereon, shall be returned to Purchaser by Escrow Agent without any deductions whatsoever.

5. Failure to Complete

In the event that the Closing does not occur, the following provisions shall govern:

5.1 If Closing does not occur because of Purchaser's failure to perform its express obligations under this Agreement, the Vendors shall be entitled to the Deposit plus accrued interest on other yield thereon, to be delivered to them in such event by the Escrow Agent and to be retained by Vendors, for the account of all Sellers, as liquidated damages and not as a penalty. The parties acknowledge that damages cannot be determined with certainty and

that the amount of the Deposit is a fair and reasonable estimate of such damages. Sellers waive any and all claims and causes of action whatsoever against the Purchaser because of such default with respect to the transaction contemplated hereunder;

5.2 If the Closing does not occur because of the results of the Audit referred to in Paragraph 4 or for any reason whatsoever other than as specified in Paragraph 5.1 above, the Escrow Agent shall return the Deposit, together with accrued interest or other yield thereon and without any deductions whatsoever, to the Purchaser. Vendors shall assist Escrow Agent in the timely return of the Deposit to Purchaser. If the Closing does not occur because Vendors or Sellers are in default under the terms of this Agreement, Purchaser shall have a cause of action for specific performance and for all attorneys' and accountants' fees and expenses incurred by Purchaser in carrying out the terms and conditions of this Agreement and preparing for ownership and management of the Bank.

5.3 This Agreement shall be terminated, void and of no effect if the Closing has not occurred on or before May 31, 1982, unless extended in writing signed by Vendors and Purchaser.

6. Covenants, Representations and Warranties of the Vendors

The Vendors covenant, represent and warrant as follows and acknowledge that the Purchaser is relying upon such covenants, representations and warranties in connection with the purchase by the Purchaser of the Shares. Each convenant, representation and warranty herein is independently material and shall not limit, or be limited by, any other covenant, representation or warranty. All of the covenants, representations and warranties contained in this Agreement and contained in any document or certificate pursuant hereto shall survive Closing and shall be confirmed by Vendors in writing at Closing as being their covenants and as being true at Closing and shall continue after Closing in full force and effect for the benefit of Purchasers. Each and every representation and warranty in this Agreement is hereby deemed to be a condition of Closing.

6.1 The Bank has been duly incorporated and organized and is validly existing and in good standing under all relevant municipal, state and federal laws necessary in order to engage in the Business in Dade County, Florida. It has the corporate power to own or lease

its property and to carry on the Business as now being conducted by it;

6.2 The authorized capital stock of the Bank consists of 126,000 Shares, all of which have been validly issued, are outstanding, are fully paid and are nonassessable;

6.3 All of the Shares to be sold by Sellers are owned by them beneficially and of record with a good and marketable title thereto, free and clear of all mortgages, liens, charges, security interests, claims, pledges, encumbrances and demands, agreements, options, rights or privileges whatsoever except to the extent stated to Purchaser in detail and in writing by each Seller at the time he executes this Agreement. All liens and encumbrances on any and all of the Shares being sold shall be satisfied by Closing, as provided in Paragraph 2.2(c).

6.4 Neither Bank nor any Seller is party to any agreement, arrangement or understanding, and there is no pending or threatened litigation or proceeding which could result in the issuance, cancellation purchase or redemption by Bank of any Shares, or any dividend or distribution, or materially adversely affect the value or the marketability of the Shares to be purchased hereunder.

6.5 The Bank has no subsidiaries or agreements of any nature to acquire any subsidiary or to acquire or lease any other business operations and will not prior to the Closing Date acquire, or agree to acquire, any subsidiary or business without the prior written consent of the Purchaser;

6.6 The Bank is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person, firm or corporation;

6.7 The books and records of the Bank, including without limitation the minute books, fairly and correctly set out and disclose in all material respects, in accordance with generally accepted accounting principles consistently applied throughout the periods covered thereby, the financial position of the Bank, the results of the Bank's operations and all material financial transactions of the Bank, the Shareholders and directors of the Bank and do not include any material misstatement of fact or omit any material fact;

6.8 The 1980 audited financial statements of Bank and the June 30, 1981, financial statements of Bank have been prepared in accordance with generally accepted accounting principles applied on a basis consistent with those applied in previous years and present fairly and accurately: (a) the deposits, assets, liabilities (whether accrued, absolute or contingent, and whether current or long-term) and the financial condition of the Bank as at December 31, 1980 and June 30, 1981 respectively; and (b) the earnings and results of the operations of the Bank during the periods covered by such financial statements. The financial position of the Bank is now and will be at the Closing Date substantially the same as that shown by or reflected in such June 30, 1981 financial statements. The Bank has incurred or shall incur no material obligations or liabilities before Closing except as disclosed in such statements or as approved by Purchaser. Assets of the Bank which are included in such financial statements are not valued in excess of cost less allowable depreciation or, in the case of investment securities, cost adjusted for amortization of premiums or accretion of discounts;

6.9 Since June 30, 1981 and to the Closing Date, there has been no material change in the Business, operations, capital, assets or condition of the Bank, financial or otherwise, arising as a result of any legislative or regulatory change, revocation of any license or right to do business, except changes occurring in the ordinary course of business, which changes have not materially adversely affected and will not materially adversely affect the Business, assets, capital, prospects, condition or operation of the Bank or the value of the Shares;

6.10 The entering into of this Agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of the charter or by-laws of the Bank or of any indenture or other agreement, written or oral, to which the Bank or the Sellers may be a party or in the violation of any law or regulation of the United States or of the State of Florida or of any municipality with the said State;

6.11 The Business has been carried on by the Bank in the ordinary and normal course according to commercial banking standards which are

customary in the Metropolitan Dade County banking community since commencement of Business by the Bank on Dec 13 1963, [illegible]

6.12 No payments have been made or authorized since June 30, 1981 by the Bank to its officers, directors, former directors, shareholders or employees or to any person or company except in the ordinary course of the Bank's business and in accordance with sound banking practices.

6.13 No capital expenditures exceeding Five Thousand Dollars ($5,000.00) per transaction will be made or authorized by the Bank after the date hereof and up to the Closing without the prior written consent of the Purchaser;

6.14 The Bank is not a party to any written or oral employment, service, pension, profit-sharing, consulting, deferred compensation, insurance or other agreement with any employees or other parties, except as shall be described in writing to Purchaser during the Audit referred to in Paragraph 4, and the Bank does not have any employee who cannot be dismissed with notice of one month or less without further liability;

6.15 The Bank is not a party to any lease or agreement in the nature of a lease, whether as lessor or lessee, except those leases described to Purchaser during the Audit referred to in Paragraph 4. Each of such Bank's leases is in good standing and in full force and effect in accordance with its terms and the Bank and all other parties to such leases are not in breach of any of the covenants, conditions or agreements contained in each such lease. No violations of such leases exist which, with the passage of time, could become a breach with or without notice;

6.16 The Bank owns, possesses, enjoys quiet possession and has a good and marketable title to all its property and assets, free and clear of any and all mortgages, liens, pledges, charges, security interests, encumbrances, actions, assessments, agreements, claims or demands of any nature whatsoever or howsoever arising. The Bank owns the real property on which it does its Business, including the Bank's office and surrounding land used by Bank located at or adjacent to 13001 South Dixie Highway, Miami, Florida, and a branch located at 19455 South Dixie Highway, Miami, Florida, with good and marketable title thereto;

6.17 The Bank has its property insured against loss or damage under policies which shall be continued in full force and effect to and including the Closing Date. Such insurance is at levels adequate and customary for banks in the Metropolitan Dade County area. To the best of Sellers' knowledge and belief, the Bank is not in default with respect to any of the provisions contained in any such insurance policy and has not failed to give any notice or present any claim under any such insurance policy in due and timely fashion;

6.18 The Bank does not have any outstanding material agreement (including employment agreements), contract or commitment, whether written or oral, or any nature or kind whatsoever, except (a) agreements, contracts and commitments in the ordinary course of business, (b) prepaid service contracts on office equipment, (c) the documents and agreements described to and reviewed by Purchaser during the Audit referred to in Paragraph 4. To the best of Sellers' knowledge and belief, the Bank is not in default of any such agreement, contract or commitment and no violations of such agreement, contract or commitment exist which, with the passage of time, could become a breach with or without notice;

6.19 To the best of Sellers' knowledge and belief, the Bank has duly and timely filed all tax returns required to be filed by it and has paid all taxes which are due and payable, and has paid all assessments and reassessments, and all other taxes, governmental charges, penalties, interest and fines due and payable by it on or before the date hereof. Adequate provision has been made for taxes payable for the current period for which tax returns are not yet required to be filed. There are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return by, or payment of any tax, governmental charge or deficiency against, the Bank. No tax returns of Bank have been audited by federal or state governmental authorities except as described to and reviewed by Purchaser during the Audit referred to in Paragraph 4. The Bank has withheld from each payment made to any of its officers and employees the amount of all taxes, including but not limited to income tax, and other deductions from all other parties required to be withheld therefrom and has paid the same

to the proper tax or other receiving officers within the time required under any applicable tax legislation;

6.20 The Sellers are not aware of any current attempts to organize or establish any labor union or employee association in the Bank;

6.21 All facilities and equipment used by the Bank in connection with the Business are in good operating condition, are in a state of good repair and maintenance, are owned by Bank free and clear of all liens, charges and encumbrances of any nature whatsoever and are freely transferable by Bank to Purchaser except as described to and reviewed by Purchaser during the Audit referred to in Paragraph 4. Bank has good and marketable title to such facilities and equipment;

6.22 The Vendors will not do anything prior to closing which will materially adversely affect the goodwill of the Bank.

7. <u>Covenants of the Vendors</u>

The Vendors covenant and agree with the Purchaser that on or before the Date of Closing they will do or will cause to be done the following:

7.1 Cause Bank to permit the Purchaser, prior to the Date of Closing, through its representatives, to make such investigation of the properties and assets of the Bank and of its financial and legal condition as the Purchaser deems necessary or advisable to familiarize itself with such properties, assets and other matters including but not limited to the investigations which Purchaser shall make during the Audit referred to in Paragraph 4. The Vendors agree that such investigation shall not, however, affect or mitigate the Vendors' covenants, representations and warranties hereunder which shall continue in full force and effect as provided in Paragraph 6. The Vendors agree to cause Bank to permit the Purchaser and its representatives to have, after the date of execution hereof and including without limitation the Audit period referred to in Paragraph 4, full access to any place where the Bank carries on its Business (the "Business Premises"). Prior to Closing, Purchaser shall make all reasonable efforts to prevent any unnecessary or unreasonable interference with the ability of the Bank's officers and employees to carry out their daily responsibilities. Vendors agree to cause Bank to produce the following documents of the Bank for inspection by the Purchaser's representatives:

All leases, licenses, contracts, title documents, insurance policies, pension plans, guarantees, lists of salaries (management and others), union agreements, management contracts, documents relating to pending law suits, if any, deeds and title papers, all minute books, share certificate books, share registers and other corporate documents, including the charter and bylaws of the Bank, lists of the Bank's accounts and depositories, and all books, records, accounts, financial statements, details of Bank's investments and of Bank's loan portfolio, and all other data which in the opinion of the Purchaser's representatives are required to make an examination of the Bank and the Business. The Purchaser's representatives shall be entitled to attend all meetings of the Board of Directors and all meetings of any committees of the Board of Directors of the Bank and shall receive from Vendors adequate prior notice of all such meetings. Purchaser's representatives shall comply with all laws and regulations governing the confidentiality of information regarding the Business which is presented at such meetings. Such representatives shall not however, have any responsibilities for management, nor shall such representatives have any authority to act on behalf of management of the Bank. All compensation and expenses in connection with such services by the Purchaser's representatives, the determinations, reports and audits hereunder shall be borne by the Purchaser. In the event the Closing does not occur, any information received by Purchaser and by its attorneys and the Accountants shall be held confidential by it and them and shall not knowingly be divulged to any other person, firm or corporation and any confidential documents in its possession shall be promptly returned to the Vendors or to the Bank.

7.2 Deliver to the Purchaser at the Time of Closing a favorable opinion of the Vendors' Attorneys and the Bank's Attorneys, as applicable, in form and substance satisfactory to the Purchaser's Attorneys that all of the representations, warranties and covenants listed in Paragraph 6 are true at Closing.

7.3 Furnish the Purchaser with a certificate of the Chief Executive Officer of the Bank stating that, to the best of his knowledge and belief, the facts with respect to each of the matters dealt with

in each of the subclauses of Paragraph 6 are true and correct as set out therein as of Closing, as though such representations and warranties were made at such time, provided that the receipt of such certificate at the Closing shall not be a waiver of the covenants, representations and warranties contained in Paragraph 6, which covenants, representations and warranties shall continue in full force and effect.

7.4 Take all necessary steps and proceedings as approved by the Purchaser's Attorneys acting reasonably to permit all of the Shares to be duly and regularly transferred to the Purchaser or its nominee(s) and to accomplish the purposes and intent of this Agreement.

7.5 Execute and deliver, and request such officers and directors of the Bank as the Purchaser may specify to execute and deliver, at the Time of Closing a release in favor of Bank and resignations.

8. Conditions of Closing

Purchaser's obligations hereunder are subject to the following terms and conditions for the exclusive benefit of the Purchaser to be fulfilled and/or performed at or prior to the Closing:

8.1 At or before Closing Purchaser shall have been obtained from all appropriate federal, state, municipal or other governmental or administrative bodies all such permits, consents, approvals, authorizations and licenses necessary or appropriate in order to permit the change of ownership of the Shares to Purchaser to be completed without affecting or resulting in the cancellation or termination of any authority of the Bank and no disapproval or stop-order shall have been issued in connection with any of such transactions by any creditor or any court or governmental authority having jurisdiction with respect thereto. Purchaser shall process all required applications to such regulatory authorities with due diligence and dispatch and shall bear the costs of such applications. Sellers shall cooperate in a timely manner with Purchaser's applications.

8.2 At the Date of Closing there shall have been no material adverse changes in the Bank's financial position, nor shall there have been any material adverse change relating to the Bank, including but not limited to its Business, assets, operations or other activities;

8.3 The Bank shall be operated from the date of this Agreement to the Date of Closing in accordance with good, generally accepted banking practice. Reasonable and sound allocations to the loan loss reserve account of the Bank will continue to be made by the Bank as appropriate until Closing and the Bank's officers and directors shall make all loans using prudent standards in the best interests of Bank.

8.4 No contract or arrangement to cancel or compromise any indebtedness of Bank or to make unusual time payments on such indebtedness shall have been agreed to or entered into by Bank except as disclosed to Purchasers or agreed to by Bank in the ordinary course of business with Purchaser's prior consent.

9. Tender Offer

The Purchaser undertakes to make a tender offer to purchase the Shares of all remaining shareholders of the Bank who have not executed this Agreement, on the same terms and conditions and at the price stipulated hereunder, at the later to occur of: (a) the first day of the month next following the date upon which all necessary and appropriate approvals have been obtained from all governmental regulatory bodies having jurisdiction over the transaction contemplated by this Agreement, or (b) three (3) business days following delivery to Purchaser of the price confirming report of the Accountants referred to in Paragraph 2.1. Vendors undertake to forward such tender offer promptly to all such shareholders in the name of and on behalf of Purchaser. Such shareholders shall have thirty (30) days from the date of mailing of the said tender offer within which to accept the offer for their Shares. Purchaser shall extend the offer for an additional thirty (30) days upon reasonable request of any shareholder who did not receive timely notice of the offer. The Vendors undertake to use their best efforts to obtain acceptance by such remaining shareholders of the tender offer.

10. Purchase for Investment

The Purchaser is purchasing the Shares for its own account for investing the Shares for its own account for investment and without the view to the resale or distribution thereof in violation of the United States Securities Act of 1933, as amended, or any applicable state securities laws.

11. Closing Arrangements

The Closing shall take place on the Closing Date at the offices of the Purchaser's Attorneys, Mahoney Hadlow & Valdes-Fauli, P.A., AmeriFirst Building, 1 S.E. Third Avenue, Miami, Florida. Prior to Closing, any and all Shares which are to be sold and which are encumbered in any way shall be delivered by the owners of such Shares to the Escrow Agent in accordance with Paragraph 2.2(c). At the Closing, upon fulfillment of all conditions set out in this Agreement or written waiver by Purchaser, all certificates representing the Shares will be delivered by the Escrow Agent to the Purchaser and transfers of such Shares will be duly and regularly recorded in the name of the Purchaser or its nominee(s), whereupon, subject to all other terms and conditions hereof being complied with, payment of the Purchase Price shall be paid in the manner provided in Paragraph 2. Sellers shall pay at Closing all documentary stamp taxes, transfer taxes and recording fees associated with the sale of their respective Shares hereunder.

14. Commissions

Sellers and the Purchaser acknowledge that Midtown Realty, Inc., a Florida corporation, and specifically Hal Knudsen, Vice President of Midtown Realty, Inc., and Edward A. Bodner, Associate of Midtown Realty, Inc., is the procuring broker for this transaction and is entitled to broker's fees from the Purchaser, as agreed by Purchaser and Midtown Realty, Inc., which fees shall be due and payable only at the completion of Closing. Sellers and Purchaser agree that no other broker, agent or other intermediary has acted for either party in connection with the sale of the Shares and is entitled to any commission or other remuneration for this transaction and agree to indemnify and save each other harmless from and against any other such claims whatsoever.

13. Notices

Any notice, direction or other instrument required or permitted to be given to the Vendors or other Sellers of Shares hereunder shall be in writing and may be given by delivering the same addressed to the Vendors or other Sellers in care of the Bank's President, P. O. Box T, 13001 South Dixie Highway, Miami, Florida, 33156 with a copy to Vendors' Attorneys, Hamber, Epstein & Savage, 801 N.E. 167th Street, North Miami, Florida 33162. Any notice, direction or other instrument

required or permitted to be given to the Purchaser hereunder shall be in writing and may be given by delivering the same addressed to the Purchaser at 390 Bay Street, 22nd Floor, Toronto, Canada M5H 2Y2, with a copy to the Purchaser's Attorneys, Mahoney Hadlow & Valdes-Fauli, P.A., 1401 AmeriFirst Building, One S.E. 3rd Avenue, Miami, Florida 33131. Any notice, direction or other instrument shall be delivered by confirmed telex or telegraph or by registered or certified mail, return receipt requested, and shall be deemed to have been given or made on the date on which it was delivered. The Purchaser, the Vendors or other Sellers may change their respective addresses for service from time to time by notice given in accordance with the foregoing.

14. Time of the Essence

Time shall be of the essence of this Agreement.

15. Entire Agreement

This Agreement, including any attachments hereto, constitutes the entire agreement between the parties hereto. This Agreement may not be terminated, amended, modified or waived in any respect except by written instrument signed by the parties hereto.

16. Proper Law of Contract

This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the federal laws of the United States and the laws of the State of Florida.

17. Counterparts

This Agreement may be executed in one or more separate counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same document.

18. Costs and Attorneys Fees

Each party will pay its own costs incident to this Agreement and the transaction contemplated hereby (except as may be specifically provided for herein) whether or not this transaction shall be consummated. In the event of litigation on any matter concerning this agreement, the prevailing side shall be paid its reasonable attorneys' fees and costs by the losing side.

19. Benefit and Binding Nature of Agreement

This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators, successors and assigns and may be assigned by the Purchaser prior to

the Closing to an associated or affiliated corporation or corporations upon prior written notice to the other parties hereto in the manner hereinbefore provided.

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the day, month and year first above written.

SIGNED, SEALED AND DELIVERED
in the presence of:

GREYMAC CREDIT CORPORATION,
a corporation incorporated under the laws of the Province of Ontario, Canada

Per: PRES

Per: EXEC. VICE-PRES.

"PURCHASER"

Henry M. Werner
No. of Shares 6226
% of total 4.94%

XVENDORX

x Frank W. Casanova
No. of Shares 3978
% of total 3.15%

XVENDORX

Arvida Nurseries
x Frank W. Casanova
(Other Seller)
No. of Shares 657
% of Total .0052

Harold D. Holtstand M.D.
(Other Seller)
No. of Shares 2556
% of Total 2.02%

(Other Seller)
No. of Shares 3169
% of Total 2.51%

x Edytha B. Schilling
(Other Seller)
No. of Shares 8094
% of Total 6.42%

"VENDOR"

Evrian Enni
Michelle Ventura

No. of Shares 5000
% of total 3.96 %

"VENDOR"

Evrian Enni
Michelle Ventura

Thomas P Carey

No. of Shares 5276
% of total 14.18

James E. Reardon
Lynne M. Reardon

Evrian Enni
Michelle Ventura

No. of Shares 6566
% of total 5.53

Evrian Enni
Michelle Ventura

Morton Terry

No. of Shares 5418
% of total 4.3

Pensacola Greyhound Racing Inc

Evrian Enni
Michelle Ventura

Thomas P Carey, Treas

No. of Shares 7350
% of total 7.45

Yankee Greyhound Racing Inc

Evrian Enni
Michelle Ventura

Thomas P Carey, Treas

No. of Shares 5419
% of total 4.3

Edward Kittle
Mary R. Kittle

Evrian Enni
Michelle Ventura

No. of Shares 1365
% of total 1.01

Evrian Enni
Michelle Ventura

No. of Shares 1887
% of total 1.49

No. of Shares
% of total

January 4, 1982

TO WHOM IT MAY CONCERN:

Please be advised that the following shares of Dixie National Bank stock are encumbered for the following loan:

> 1,000 shares Dixie National Bank stock held as collateral for a loan in the name of Milton Mamber in the amount of $10,500.00 at Capital Bank of North Bay Village, Florida.

Very truly yours,

Milton Mamber

January 4, 1982

TO WHOM IT MAY CONCERN:

Please be advised that the following shares of Dixie National Bank Stock are encumbered for the following loan:

> 5,000 shares Dixie National Bank stock held as collateral for a loan to Thomas F. Carney in the amount of $87,750.00 at Capital Bank of North Bay Village, Florida.

Very truly yours,

Thomas F. Carney

Thomas F. Carney

January 4, 1982

TO WHOM IT MAY CONCERN:

Please be advised that the following shares of Dixie National Bank stock are encumbered for the following loan:

> 9,369 shares Dixie National Bank stock held as collateral for a loan in the name of Pensacola Greyhound Racing, Inc., in the amount of $101,907.93 at County National Bank of South Florida.

Very truly yours,

PENSACOLA GREYHOUND RACING, INC.

BY: Thomas F. Carney

Thomas F. Carney, Treasurer

January 4, 1982

TO WHOM IT MAY CONCERN:

Please be advised that the following shares of Dixie National Bank stock are encumbered for the following loan:

1,000 shares Dixie National Bank stock held as collateral for a loan in the amount of $9,000.00 in the name of James E. Reardon at County National Bank of South Florida.

Very truly yours,

James E. Reardon

James E. Reardon

GREYMAC CREDIT CORPORATION

January 20, 1982

Milton Mamber, Esquire
801 N.E. 167th Street, Suite 302A
Miami, Florida 33162

Re: Purchase of Dixie National Bank

Dear Mr. Mamber:

As part of our Agreement to purchase Dixie National Bank of Dade County (the "Bank"), as evidenced by our Agreement dated the 20th day of January 1982, we wish to agree to the following interpretations of specific part[s] of the Agreement:

1. Section 2.1 and Section 11. The Purchase Price for each of th[e] Shares shall be determined by multiplying the Book Value as of the Operative Date by the number of Shares (126,000) and multiplying the resulting number by two (2). We shall pay the Purchase Price only for each of the Shares which actually is transferred, free and clear of all other obligations, to us at Closing.

2. Section 2.1. The Accountants retained by us shall review the Bank's financial statements as of the Operative Date and shall issue to [us] a letter confirming that the Bank's financial statements are accurate an[d] truly reflect the condition of the Bank as of the Operative Date. The Purchase Price shall be based on the Bank's financial statements as of t[he] Operative Date, as confirmed by the Accountants. This confirmation by t[he] Accountants is not a separate audit, but we must have an independent review of the Bank's financial statements before we use them for the Purchase Price.

3. Section 1.9. The "Escrow Agent" shall be located in Dade Coun[ty] Florida, for the convenience of all parties.

4. Section 6.4. We understand that the directors of the Bank, wh[o] also are individual Sellers of Shares under the Agreement, are defendant[s] in a lawsuit styled United States District Court, Southern District of Florida, Case 75-768-Civ-EVD, Dixie National Bank of Dade County vs. Employers Commercial Union Insurance Co. of America, 3rd party defendant[s] vs. Dr. Thomas F. Carney et al. The Bank already has paid Ten Thousand Dollars ($10,000.00) to defend the director-defendants in this case, such amount being the deductible in an insurance policy which covers the director-defendants. If the director-defendants lose this case on final judgment, and must pay damages to the plaintiff, the director-defendants shall repay the $10,000.00 to the Bank which was advanced in their behal[f]

VF

If the director-defendants prevail on final judgment, then we confirm that they will not have to repay the $10,000.00 to the Bank because the Court shall have determined that they were acting in the best interests of the Bank. If the director-defendants decide to settle the case in advance of final judgment, we confirm that they will not have to repay the $10,000.00 to the Bank subject to our prior approval that the terms of the settlement are fair and reasonable and are in the best interests of the Bank, which approval shall not be unreasonably withheld.

Please indicate your acceptance, and the acceptance of all other vendors, by signing this letter and returning an original signed copy to our attorney, Roderick N. Petrey, Mahoney Hadlow & Valdes-Fauli, P.A.

Yours very truly,

Greymac Credit Corporation

By: ______________ Pres. Attest: ______________

Accepted: This 20th day of January, 1982.

Thomas F. Carney

Thomas F. Carney

____

Milton Mamber

January 20, 1982

Gentlemen:

I have received FIVE HUNDRED THOUSAND DOLLARS ($500,000.00) from Greymac Credit Corporation as the deposit under the terms of the Agreement between Thomas F. Carney and Milton Mamber, et al., and Greymac Credit Corporation, dated January 20, 1982.

By January 22, 1982, I shall designate an Escrow Agent and obtain a written Escrow Agreement between the Escrow Agent, the Bank and the parties to the Agreement, which shall implement the terms of the Agreement regarding the deposit.

Roderick M. Petrey

accepted
Milton Mamber

EXTENSION OF AGREEMENT - REVISED 6/1/82

THIS AGREEMENT is made this 31st day of May, 1982, by and between THOMAS F. CARNEY and MILTON MAMBER, both individuals who are residents of Dade County, Florida ("Vendors") who represent all of the sellers under that certain Agreement dated January 20, 1982 between Vendors and Greymac Credit Corporation ("Agreement") and DIXIE FINANCIAL SERVICES INC., a Florida Corporation, which is the assignee of Greymac Credit Corporation under the Agreement ("Purchaser").

In consideration of the covenants, agreements, warranties and payments provided for in the Agreement and in this document which extends the Agreement, the parties covenant and agree as follows:

1. The Agreement of January 20, 1982, is hereby extended, in accordance with Section 5.3 of the Agreement, to permit the closing of the purchase by Purchaser from Vendors and Sellers of at least eighty percent (80%) of the shares of Dixie National Bank of Dade County, as contemplated by the Agreement, to occur on or before November 1, 1982, except that the parties shall have an additional thirty (30) days after November 1, 1982, to close if all governmental agencies which must approve the transaction have modified Purchaser in writing of their approval or of their intent not to disapprove the transaction prior to November 1, 1982.

2. The parties acknowledge that the Audit, including all reviews and responses, referred to in Section 4 of the Agreement is complete and that they agree as follows:

A. Vendors shall make best efforts to have banks which originate loans in which Dixie National Bank has participated to repurchase such loans from Dixie National Bank prior to the closing of the sale of Dixie National Bank to Purchasers, specifically including but not limited to the loans to Samuel and Ethel Cohen and Porsche Corporation.

B. Prior to closing, Vendors shall arrange for the purchase from Dixie National Bank of the loan by Dixie National Bank Parimutual Racing Management Group, Inc.

C. Purchaser shall make best efforts to have Dixie National Bank repurchase, prior to closing, all loans which Dixie National Bank has originated and in which other banks have participated.

D. Prior to closing Vendors shall correct all title defects identified to Vendors by Purchaser, in a letter to Vendor's attorney from Purchaser's attorney dated March 8, 1982.

E. After best efforts by all parties referred to in Section 1A and Section 1B, all loans which have not been repurchased, or otherwise disposed of by closing, shall remain after closing with Dixie National Bank, or with other banks which Dixie National Bank has sold participations, except the loan to Parimutual Racing Management Group, Inc.

DIXIE FINANCIAL SERVICES INC.
a Florida Corporation

ATTEST: ______________________
Secretary

By: ______________________
President

FOR ALL VENDORS/SELLERS in Agreement dated January 20, 1982, and subsequent assignment

____
THOMAS F. CARNEY

____
MILTON MAMBER

EXTENSION OF AGREEMENT

THIS AGREEMENT is made this 20th day of September, 1982, by and between THOMAS F. CARNEY and MILTON MAMBER, both individuals who are residents of Dade County, Florida ("Vendors") who represent all of the sellers under that certain Agreement dated January 20, 1982 between Vendors and Greymac Credit Corporation ("Agreement") and DIXIE FINANCIAL SERVICES INC., a Florida corporation, which is the assignee of Greymac Credit Corporation under the Agreement ("Purchaser").

In consideration of the covenants, agreements, warranties and payments provided for in the Agreement and in this document which extends the Agreement, the parties covenant and agree as follows:

1. The Agreement of January 20, 1982, is hereby extended, in accordance with Section 5.3 of the Agreement, to permit the closing of the purchase by Purchaser from Vendors and Sellers of at least eighty percent (80%) of the shares of Dixie National Bank of Dade County, as contemplated by the Agreement, to occur on any date starting January 2, 1983 and continuing through February 28, 1983, which may be convenient to Vendors and Purchaser.

2. All other terms and conditions of the Agreement and of Paragraph 2 of an Extension of the Agreement dated May 31, 1982, remain in full force and effect.

DIXIE FINANCIAL SERVICES INC.
a Florida Corporation

ATTEST: ______________________ By: ______________________
Secretary President

FOR ALL VENDORS/SELLERS in Agreement dated January 20, 1982, and subsequent assignment

____
THOMAS F. CARNEY

____
MILTON MAMBER

NOTICE OF CHANGE IN CONTROL OF A NATIONAL BANK

The Change in Bank Control Act of 1978, Section 7(j) of the Federal Deposit Insurance Act, (12 U.S.C. 1817(j)) provides that no person, acting directly or indirectly or through or in concert with one or more persons, shall acquire control of a national bank through a purchase, assignment, transfer, pledge, or other disposition of voting stock of a national bank unless the Comptroller of the Currency has been given sixty (60) days prior written notice of such proposed acquisition and, within that time period, the Comptroller has not issued a notice disapproving the proposed acquisition or extended the period for disapproval.

The information contained herein is filed pursuant to 12 U.S.C. 1817(j) and 12 C.F.R. 15. In order to expedite processing of this Notice by the Comptroller of the Currency, all questions must be answered with complete and accurate information. The accuracy and completeness of information herein provided is subject to verification. The Comptroller of the Currency or his designee may request additional information or clarification of information submitted at his sole discretion.

Type or print clearly when completing this Notice. If an answer is "No", "None", or "Not Applicable" so state. Failure to make an entry in response to any question renders your Notice incomplete and delays the sixty day period in which the Comptroller must act. To the extent possible, questions should be answered in the space provided; use insert pages as necessary. Information on insert pages should be keyed by number and letter to the appropriate question(s). Submit five (5) copies of the Notice and any attachments directly to the Regional Administrator of National Banks of the region in which the main office of the bank to be acquired is located. At least one of the copies must bear the original signature of the acquiring party.

Name of Bank Effected by Proposed Change in Control: Dixie National Bank of Dade County (the "Bar

Address: Miami, Dade County, Florida 33156 (Miami Branc
City, County, State and Zip Code

Date Notice Submitted: November 30, 1982

Part A - The Proposed Change in Control

1. Indicate total number of voting shares in the bank to be acquired: Authorized 126,000, Outstanding 126,000 and number of shares involved in this proposed transaction 100% (126,000 shares) but not less than 80% (100,800 shares.)

2. Indicate the full name of each seller or transferor, the total number of shares presently held by each, the total number of shares to be sold or transferred by each, and the total number of shares to be held by each following completion of the proposed transaction.

Name	Number of shares presently held	Number of shares to be sold or transferred	Number of shares to be held following completion of the proposed transaction
Henry N. Wiener	6,226	6,226	-0-
Frances W. Casanave	3,978	3,978	-0-
Arvida Nurseries Corp.	657	657	-0-
Harold O. Hallstrand, M.D.	2,556	2,556	-0-
Arnold J. Grossman and Phyllis Grossman	3,169	3,169	-0-
Edythe B. Schilling	8,094	8,094	-0-
James E. Reardon and Lynn M. Reardon	6,966	6,966	-0-
Milton Mamber and Sondra Mamber	5,000	5,000	-0-
Thomas F. Carney	5,276	5,276	-0-
Morton Terry	5,418	5,418	-0-
Pensacola Greyhound Racing, Inc.	9,390	9,390	-0-
Yankee Greyhound Racing, Inc.	5,419	5,419	-0-
Edward Kettle and Mary P. Kettle	1,365	1,365	-0-
Stanley Epstein and Susan Epstein	1,887	1,887	-0-
Total	65,401	65,401	-0-
Total as a percent of outstanding shares * (Pg. 2A attached)	51.9%	51.9%	-0-

*The Purchase Agreement for this transaction dated January 20, 1982 (the "Agreement") obligates the above owners of 51.9% of the Bank's shares to sell their shares to Applicant. The owners of the remaining 48.1% of the Bank's shares may agree to obligate themselves to sell their shares should they execute the Agreement at or before the closing provided in the Agreement. The above owners have agreed in the Agreement to endeavor to cause the owners of the remaining shares of the Bank to sell their shares to the Applicant on the terms and subject to the conditions contained in the Agreement. After receiving governmental approval for the transaction, Applicant will make a tender offer to the remaining shareholders of the Bank for their shares.

3. Indicate the full name of each acquiring party or transferee, the total number of shares presently held by each, the total number of shares to be purchased or transferred to each and the total number of shares to be held by each following completion of the proposed transaction. Indicate names of beneficial owners if shares are to be registered in another name.

Name	Number of shares presently held	Number of shares to be acquired	Number of shares to be held following completion of the proposed transaction
eonard C. Rosenberg	-0-	As many as 126,000 but no less than 100,800.	As many as 126,000 but no less than 100,800.
Total	-0-	100,800	100,800
Total as a percent of outstanding shares	-0-	As much as 100% but no less than 80 %	As much as 100% bu no less than 80%

4. Indicate the purchase price(s) per share of the shares to be acquired $86.05 (approx) and the total purchase price for the entire proposed transaction $ 10,841,840.00 (approx.)

See explanation to item 6 below.

5. Indicate current book value per share $ 43.02 and current market value per share $ 86.05 (approx.) *

6. Indicate the terms and conditions of the proposed acquisition and the manner in which the acquisition is to be made. Attach copies of all pertinent purchase and sale agreements and related documents, and briefly describe below.

See Page 3A Attached

*There have been no recent arms-length transfers of shares of the Bank by which current fair market values may be gauged. Hence, the best indication of current fair market value is the price for which the Applicant has contracted to purchase the shares.

1. Terms and Conditions of Proposed Acquisition.

The Applicant desires and intends to acquire substantially all, but not less than 100,800 (80%) of the Bank's 126,000 authorized, issued and outstanding shares of $6.00 par value common stock (the only authorized class of stock). The Purchase Agreement for this transaction, dated January 20, 1982, as amended and extended to date, a true and correct copy of which is attached hereto as Exhibit "A" (the "Agreement"), obligates the owners of 51.9% of the Bank's shares to sell their shares to the Applicant's ultimate assignor, Greymac Credit Corporation. After receiving governmental approval for the transaction, Applicant will make a tender offer to all of the shareholders of the Bank for all of their shares. The Applicant will complete the purchase of the Bank only if the owners of not less than 80% of the Bank's shares tender those shares to the Applicant in accordance with the terms of the Agreement. The Applicant will acquire all of the Bank's shares if all of the shares are tendered to the Applicant in accordance with the terms of the Agreement, except for the Bank's directors' qualifying shares. A copy of a Special Notice to all of the Bank's shareholders, which outlines the terms of the Agreement, is attached hereto as Exhibit "B".

2. Manner in Which Acquisition is to be Made.

Section 2 of the Agreement obligates the Applicant to pay a price equal to twice "Book Value" of the Bank as of the "Operative Date". Both of these terms are defined in Section 1 of the Agreement. Book Value is determined as of the end of the Bank's most recent fiscal quarter, September 30, 1982. The Book Value as of September 30, 1982, as represented on Line 30 of the Bank's Consolidated Report of Condition, a copy of which is attached hereto as Exhibit "C", is $5,420,920.00 (rounded to $5,421,000.00 on Line 30 of the Bank's Consolidated Report of Condition). Hence, the Purchase Price, as of September 30, 1982, is approximately $11,041,840.00 (Book Value multiplied by a factor of two plus approximately $200,000.00 for a broker's commission as contemplated by Section 14 of the Agreement).

Payment for the shares of the Bank by the Applicant will be in cash. A more detailed description of the manner in which the acquisition is to be made and the identity, source and amount of funds for the purchase of the shares is contained in the response to item 7 of the Application.

7. Indicate the identity, source, and amount of funds or other consideration to be used in making the acquisition for each acquiring party. If assets are to liquidated to finance the acquisition, give particulars. Attach separate schedules if necessary.

Name of acquiring party	Total purchase price	Source of funds
Leonard C. Rosenberg	$11,041,840.00*	Personal Assets

*Approximate. See explanation contained in response to item 6 of this Application.

The total purchase price will be paid in cash from the Applicant's personal assets.

Total $ 11,041,840.00

8a. If any part of the funds or other consideration is to be borrowed or otherwise obtained for the purpose of making the acquisition, provide complete details of any commitments or loans. Indicate the name of borrowers, name and address of lenders, amount to be financed, collateral to be pledged, and terms of the transaction(s). Include interest rates, source of repayment, amortization requirements, guarantors, endorsers, co-makers, and any other arrangements, agreements and understandings between and among the parties.

Name of borrower	Loan or commitment amount	Name and address of lender	Collateral and terms of loan
	Not applicable		

Total financing $__________

Total financing as a percent of the total purchase price __________%.

b. If dividends, salary or any other income from the purchased bank is to be used to service debt used in the purchase, please provide complete details of how this will be accomplished

9. Identify any person employed, retained, or to be compensated by the acquiring party, or by any person on his behalf to make solicitations or recommendations to stockholders for the purpose of assisting in the acquisition, and a brief description of the terms of such employment, retainer, or arragement for compensation.

Name and address | Terms of employment or retainer

No person or entity has been or will be employed, retained or compensated by the Applicant to make solicitations or recommendations to stockholders for the purpose of assisting in the acquisition. It i contemplated that the tender offer described in the response to item of this Application and in Section 9 of the Agreement will be made directly by the Applicant with the assistance of the "Vendors", as de- fined in the first paragraph of the Agreement. The Vendors, however, will receive no compensation for their efforts except if and to the extent they own shares to be tendered and purchased by the Applicant.

10. Attach copies of all invitation or tenders or advertisements making a tender offer to stockholders for purchase of their stock to be used in connection with the proposed acquisition and briefly describe below.

None prepared to date.

11. Describe any plans or proposals which the acquiring party may have to liquidate the bank, to sell its assets, or merge it with any company or to make any other major change in its business or corporate structure.

There are no such plans or proposals.

12. If any of the acquiring parties holds any position (director, officer, or employee, etc.) in any bank or bank holding company other than the bank being acquired, or if any of the acquiring parties owns or controls, directly or indirectly, 5% or more of the outstanding voting shares of any other bank or bank holding company, complete the following schedule. Indicate names of beneficial owners if shares are registered in another name.

Name of acquiring party	Name and address of other bank or bank holding company	Relationship with other bank (officer, stockholder, etc.)	Percent ownership of other bank or bank holding company

1) Leonard C. Rosenberg-Crown Trust Company - See explanation on page 6A.
49 Yonge Street
Toronto, Ontario
Canada M5E 1J1

2) Leonard C. Rosenberg-Greymac Trust Company - See explanation on page 6A
49 Yonge Street
Toronto, Ontario
Canada M5E 1J1

12. (1) Crown Trust Company. Greymac Credit Corporation, a Canadian financial investment holding company, 51% of the outstanding shares of which are owned by the Applicant, has purchased 90% of the 671,300 common shares of Crown Trust Company, a Canadian trust company with banking powers, and has made offers to the remaining shareholders for the other 10% of the shares. The Company is regulated by the Ministry of Consumer and Commercial Relations of the Province of Ontario.

The Applicant is Chairman of the Board of Directors of Crown Trust Company.

12. (2) Greymac Trust Company. Greymac Trust Company is a wholly owned subsidiary of Greymac Credit Corporation. Greymac Trust Company is a Canadian trust company with banking powers. The company is regulated by the Ministry of Consumer and Commercial Relations of the Province of Ontario.

Greymac Trust Company will be merged with Crown Trust Company as of January 1, 1983.

The Applicant has no relationship with Greymac Trust Company other than the equity ownership of the company's parent disclosed above.

13. Describe any plans to make changes to the bank's management or Board of Directors, be specific.

There are no plans to change the current management of the Bank. It is proposed, however, that the current members of the Board of Directors of the Bank, with the exception of V. E. Lambert, the President of the Bank, will resign. The names of the proposed slate of directors to be elected to the Board are as follows:

V. E. Lambert, Francis G. Graham, Jr., Thomas C. Cobb, Esq., Kathleen Roberts, Roderick N. Petrey, Esq. All of these individuals are U.S. citizens and none own or will own shares of the Bank other than directors' qualifying shares. The Chairman of the Board of Directors has not been selected, but will be selected from among these proposed directors.

14. Describe any possible anti-competitive effects the proposed change in control may have on the community in which the bank is located.

Since the Applicant has no plans to change the location of, or to discontinue the use of, the main office or the Perrine branch of the Bank, and since there is no application pending, approved or otherwise, for the establishment of additional branches, it is anticipated that the transaction will result in no anti-competitive effects.

15. Describe any effect the proposed change in control may have on the public's interest, specifically, any probable effect on the needs and convenience of the community to be served.

The proposed change in control will result in continuing improvements in the Bank's responses to the needs and convenience of its community and will enhance the public's interest. The Bank was originally chartered in December, 1963 to serve the Kendall/Perrine area of southern Dade County, Florida. In the past 19 years, the area served by the Bank has experienced rapid growth in population and, in response to the growth, the Bank opened a branch in July, 1981 at a location on So. Dixie Highway four miles south of the main office. It is anticipated that the Bank's ability to serve the Kendall/Perrine community from its two offices will be enhanced by the future plans for the Bank discussed briefly in item 16 of the Application. The proposed new members of the Bank's Board of Directors will add expertise to the Bank and knowledge of the characteristics of the Southern Dade County banking market. Expanded services, such as import-export transactions and international letters of credit, will respond to the fact that Dade County has become a hub of international commerce. The Purchaser is prepared to contribute substantial additional capital to the Bank as needed for maintenance and improvement of existing services and for change and improvement in the future.

16. Indicate briefly, the reason(s) for the proposed change in control and future plans/intentions for bank.

Purchaser desires the proposed change in control as a sound long term financial investment in a rapidly expanding market. Purchaser is heavily involved in business enterprises in Canada and can spend very little time in the United States. He intends to ensure that the Bank has a strong, independent Board of Directors whose members have banking, business, accounting and legal backgrounds as well as knowledge of the local community and of the Bank's current staff and operations. These Directors will be expected to ensure that the Bank has excellent professional managers and to exercise independent supervision over the Bank's managers. Three of the five proposed members of the Bank's Board, as

(Continued on Page 8A hereof)

outlined in item 13, either are current members of the Bank's Board or are familiar with the Bank's current operations. All of the proposed Board members, including the current President of the Bank, are committed to beginning a formal strategic planning process for the Bank, and to instituting more formal budgeting and management systems which will result in plans for the future to be reviewed in advance with appropriate regulatory authorities.

LEONARD C. ROSENBERG
SUPPLEMENT TO SCHEDULE E

Schedule E of Part C (Financial Information) of the Comptroller's form for "Notice of Change in Control of a National Bank" calls for year-end financial statements, including profit and loss statements, for the last two fiscal years for each business interest in which the Participant's interest is equal to 10% or more of his net worth.

Ownership of 51% of the stock of Greymac Credit Corporation, and its wholly-owned subsidiaries, constitutes more than 10% of Mr. Leonard Rosenberg's net worth as of the end of the last fiscal year and as of the end of the interim period (end of November, 1982). Because the composition of the Greymac group of companies (Greymac Credit Corporation and its wholly-owned subsidiaries) has changed during the last two years, this supplement contains fiscal year-end and supplementary financial statements, including profit and loss statements, for a variety of corporations, some of which no longer are part of the Greymac group of companies, and recent statements for other companies which have become part of the Greymac group only recently:

1. Greymac Credit Corporation. (Parent) Consolidated and non-consolidated financial statements as of December 31, 1981, and non-consolidated statements as of December 31, 1981, and *pro forma* financial statements as of September 30, 1982, which illustrate the impact of substantial transactions such as the sale of Greymac Mortgage.

2. Greymac Mortgage Corporation. (Former wholly-owned subsidiary of Greymac Credit Corporation; sold in October, 1982 to unaffiliated parties). Non-consolidated statements as of December 31, 1981 and December 31, 1980.

3. Greymac Properties, Inc. (Formerly 447276 Ontario Limited and a wholly-owned subsidiary of Greymac Mortgage Corporation; sold in October, 1982, as part of sale of Greymac Mortgage Corporatioon to unaffiliated parties). Consolidated statements as of December 31, 1981 and December 31, 1980.

4. Greymac Trust Company. (Wholly-owned subsidiary of Greymac Credit Corporation; scheduled to be merged into Crown Trust Company as of January 1, 1983.) Audited financial statements for MacDonald-Cartier Trust Company (predecessor to Greymac Trust Company) as of October 31, 1981. MacDonald-Cartier Trust Company was acquired by Greymac Credit Corporation in

August, 1981 and its name was changed to Greymac Trust Company effective January 1, 1982. The fiscal year-end of MacDonald-Cartier was October 31 of each year when the company was purchased but was changed to December 31 after its purchase by Greymac Credit Corporation. Financial results for Greymac Trust Company for November 1, 1981, through December 31, 1981, are reflected in the 1981 consolidated financial statements for its parent, Greymac Credit Corporation.

5. Crown Trust Company. (Greymac Credit Corporation acquired 90% of the common shares of Crown in October, 1982, and has offered to purchase the remaining 10%.) Financial statements as of September 30, 1982 (immediately prior to acquisition by Greymac) and as of December 31, 1981.

Letter dated November 1, 1982 from R.O. Moyle on behalf of Cafco to Kilderkin

Spread sheet: Kilderkin --
Kilderkin Investments --
Grand Cayman

Kilderkin = Kilderkin Investments Ltd., In Trust
(Agreement of Purchase and Sale with Greymac Credit)

Joint Venture Agreement
dated November 1, 1982

Kilderkin Investments - Grand Cayman, the trading name for Canadian Arab Financial Corp., a private company incorporated under the laws of Grand Cayman, Cayman Islands, British West Indies

$375 million - Kilderkin
$109 million - Kilderkin - Cayman

Sale to Numbered Companies
(November 5, 1982)

↓

Owned by Trusts Representing
Saudi Investors

1. Pay $109 million as deposits, pursuant to Agreements of Purchase and Sale for 87½% of the equity.
2. Monies stay on deposi as security for Kilderkin's performance pursuant to supplemental Agreemen between Kilderkin Investments Ltd., In Trust and Kilderkin Investments - Grand Cayman
3. Upon completion $109 million plus interest goes to Kilderkin Investments - Grand Cayman

Joint Venture Agreement dated
November 1, 1983 (1982) between
Kilderkin and Kilderkin Investments --
Grand Cayman

THIS AGREEMENT is made this 1st day of November, 1983 BY and BETWEEN Kilderkin Investments Ltd. an Ontario Canada Corporation of 165 Dundas Street West, Mississauga, Ontario, Canada of the first part (hereinafter referred to as "KILDERKIN") and Kilderkin Investments - Grand Cayman, of P.O. Box 1070, Grand Cayman, Cayman Islands of the second part (hereinafter referred to as "KILDERKIN INVESTMENTS - GRAND CAYMAN")

WHEREAS:

1. Kilderkin has agreed to purchase substantial prime residential property in Canada but desires to resell such property, and
2. Kilderkin Investments - Grand Cayman is willing to find purchasers for the said properties on terms and conditions acceptable to Kilderkin which will include guaranteed lease-back arrangements by Kilderkin.

NOW THIS AGREEMENT WITNESSETH:-

1. The parties hereto hereby establish a Joint Venture to sell the properties, a list of which is attached hereto together with anticipated prices and agree that Kilderkin Investments - Grand Cayman shall manage the said Joint Venture.
2. Kilderkin hereby grants the Joint Venture the right to negotiate and close the sale of the properties on the agreed terms for a period of fourteen (14) days from the date hereof.
3. Kilderkin Investments - Grand Cayman agrees to use its best endeavours to conclude the sale of the properties at the said anticipated prices and Kilderkin agrees to proceed with due diligence and haste to prompt closing on the agreed term.
4. In the event the successful sale of the said properties the net proceeds thereof shall be distributed as follows:-

   a) The first Canadian $375,000,000.00 of net sale proceeds shall belong to Kilderkin absolutely, and
   b) any excess over Canadian $375,000,000.00 shall belong to Kilderkin Investments - Grand Cayman absolutely.
5. Kilderkin Investments - Grand Cayman agrees that its share of the net sale proceeds may be pledged by Kilderkin as collateral to guarantee its lease-back terms and arrangements for up to the (10) years provided that Kilderkin Investments - Grand Cayman shall receive all interest received thereon.

6. In the event the properties are not sold within the time limitations imposed herein Kilderkin Investments - Grand Cayman acknowledges that it will have no rights title or interests whatsoever in any of the said properties and the parties hereto will absolutely release each other from all claims and expenses and this Joint Venture shall be terminated.

7. This Agreement shall be construed in accordance with the Laws of the Cayman Islands.

AS WITNESS our hands the day and year first above written.

"Edna Moyle"
WITNESS

KILDERKIN INVESTMENTS LTD.

By "W. C. Player"

"Edna Moyle"
WITNESS

KILDERKIN INVESTMENTS - GRAND CAYMAN

By "R. Moyle"

Example of statement and credit memorandum re 1 of 50 accounts at the Cayman Bank

STATEMENT OF ACCOUNT

NAME

KILDERKIN INVESTMENTS LTD.
(001)

TYPE OF ACCOUNT: CDN$ DEMAND
STATEMENT NO : #1

ATE	VALUE DATE	PARTICULARS	DEBITS	CREDITS	BALANCE
4,02		ADV 4026		2,942,944.38	2,942,944.38
4,82		INT		24,524.54	2,967,468.92
4,83		INT		25,553.20	2,993,022.12

ING RECEIPT BY THE ACCOUNTANT WITHIN 30 DAYS FROM DATE OF DEPATCH OF ANY DISAGREEMENT WITH ANY OF THE ENTRIES THIS STATEMENT WILL BE ASSUMED TO BE CORRECT.

ABBREVIATIONS	
ADV- SEPARATE ADVICE	LF- LEDGER FEE
INT- INTEREST	EC- ERROR CORRECT
SO- STANDING ORDER	(- OVERDRAWN

MEMORANDUM CREDIT

Kilderkin Investments Ltd. (001)

WE HAVE
CREDITED YOUR CDN$ Demand Account A/C WITH US AS FOLLOWS

DATE OF ENTRY	VALUE DATE * (IF DIFFERENT THAN DATE OF ENTRY)	REFERENCE NO.
4/11/82		4026

PARTICULARS	AMOUNT
Ck deposited	CDN$ 2,942,944.38

PREPARED BY	CHECKED BY
RM	

Crown Trust loan proposal
dated November 1, 1982 and
approved November 4, 1982
re the Parkway Forest property

CROWN TRUST COMPANY

1. **PROPOSAL:** To provide a third mortgage loan secured by 9 high-rise and townhouse apartment buildings called Parkway Forest in North York, Ontario.

2. **BORROWER:** 526001, 526002, 526003, 526004, 526005 and 526006 Ontario Ltd.

3. **LOAN AMOUNT:**

Interim	- $24,838,739	Syndication:		
Permanent	- 24,838,739	Crown	:	$16,438,739
		Greymac	:	2,400,000
		Seaway	:	6,000.000
		Total	:	$24,838,739

Servicing Agent - Crown Trust

4. **INTEREST RATE:**
   - Interim - 2½ above Greymac Trust Company's cost of 60-90 day money
   - Permanent - Greymac's cost of 3 years funds plus 2½%

5. **TERM:**
   - Interim - up to 12 months
   - Permanent - 3 years

6. **AMORTIZATION:** Permanent - 25 years

7. **PREPAYMENT:**
   - Interim - Interest only, calculated and payable monthly
   - Permanent - Blended monthly payments of interest and principal

8. **DISBURSEMENT:**
   - Interim - On completion of documentation not later than November 8, 1982
   - Permanent - On written notice from the Bor. to fix the rate not later than November 8, 1983.

9. **SECURITY:**
   a) A third leaseheld mortgage on 5.62 acres of land and improvements;

   b) General and specific assignment of rents;

   c) Chattel Mortgage of furniture and equipment;

   d) Deposit of $15,000,000. to be held by Crown as additional security for loans totalling $152,202,309.

10. **PURPOSE OF LOAN:** To finance purchase of security property.

11. OTHER CROWN LOANS: This is part of a package of third mortgage loans totalling $152,202,390 of which Crown's portion is $62,923,187.

12. SOURCE: direct

13. CURRENT STATUS OF PROJECT: The buildings average 15 years of age and are currently fully leased

14. SOURCE OF EQUITY:

First Mortgage	-	$20,002,161-	Various Ins.
Second Mortgage	-	15,700,000-	Vendor will take back
Third Mortgage	-	24,838,739-	Crown
Cash	-	20,180,000	
		$80,721,200-	Total Purchase Price

15. APPRAISAL:

Prepared by : H.J. Moehring
Date : October 25, 1982
Total : 83,290,000

16: BORROWER OPTIONS: The borrower may fix the rate at anytime during the interim period.

APPROVED BY: DATE: Nov 4/82

"

"

PROJECT: PARKWAY FOREST

ECONOMICS:

Gross Income (Based on Mar/81 - Feb/82 Actuals)		$8,355,758
Less: Vacancy & Bad Debt		2,668
	EFFECTIVE GROSS INCOME	$8,353,080
Expenses: (Based on Mar/81 - Feb/82 Actuals)		
	(56.3%)	$4,704,080
	NET OPERATING INCOME (NOI)	$3,649,000
Debt Service		
1. Prior Encumbrances	1st mortgage	$2,044,000
	2nd mortgage	2,237,000
2. Loan Applied for $24,838,739, Term 1 year, Rate 15%, Amortization N/A, Factor Int. Only		3,726,000
	NET INCOME AFTER DEBT SERVICE	($4,358,000)

LOAN STATISTICS:

Loan Per (Unit/Sq.Ft.)	$32,654	(Total units 1854)
Value Per (Unit/Sq.ft.)	43,539	Based on sale price
Loan to Value Ratio	75.0%	Based on sale price
Default Rent	$376.00	Per unit per month
Actual Rents	$571.00	Per unit per month
Debt Coverage Ratio	0.46 X	

Unleveraged Rate of Return: $\frac{\text{NOI}}{\text{Loan amount}} = \frac{\$3,649,000}{\$60,540,900} = 6.0\%$

* The Borrower purchased the property to close on November 8, 198?, for $80,721,200.


METROPOLITAN TORONTO
LAKE ONTARIO
SCARBOROUGH
NORTH YORK
EAST YORK
YORK
ETOBICOKE
ONTARIO COUNTY
Markham
Unionville
Thornhill
Woodbridge
TORONTO HUNT CLUB

Letter dated November 4, 1982 from Crown Trust to Broadhurst & Ball

Crown Trust

COMPANY

TORONTO • OTTAWA • BRANTFORD • KITCHENER • LONDON • WINDSOR • MONTREAL • WESTMOUNT
SHERBROOKE • WINNIPEG • CALGARY • EDMONTON • VANCOUVER • VICTORIA

HEAD OFFICE
P.O. BOX 38
1 FIRST CANADIAN PLACE
TORONTO, CANADA
M5X 1G4

TELEPHONE (416) 364-4400

November 4, 1982

Mr. David Allport, Q.C.
Broadhurst & Ball
2 Robert Speck Parkway
Cooksville, Ontario

Dear Sir:

re: Financing of Six Cadillac Fairview Apartment Buildings

We are enclosing various applications which have been approved by the Loan Committee of this date.

We confirm our previous instructions to you as to representing Crown Trust Company in respect of these transactions.

We confirm that we have communicated to you all terms and conditions are the same.

We hereby confirm that you will certify title, making sure that Crown Trust and the mortgagors have good and marketable title in accordance with the mortgage applications attached hereto.

We trust you will expedite this matter and contemplate same to be closed as of tomorrow's date.

Yours truly,

CROWN TRUST COMPANY

Neil Tait

A. Neil Tait, President

M. J. Mihelbergel,
Assistant Vice-President, Mortgages

Minutes of Meeting of
Mortgage Committee of
Crown Trust on November 4,
1982

COPY

CROWN TRUST COMPANY

Minutes of Mortgage Committee Meeting held
November 4, 1982 - 12.00 noon in the offices
of Crown Trust Company

Members Present:	Messrs.	T.S. Ripley
		J.B. Whitely
		A.N. Tait
Also Present	Messrs.	V. Prousky (Prousky & Biback)
		G.A. Lyn
		M.J. Mihelbergel
		A. Wilson

Mr. Ripley acted as Chairman of the Meeting.

Items 1-9 on the attached schedule were approved, with the exception of items 6 and 7 - which were withdrawn.

Item 10 was approved subject to management being satisfied that we had the legal and financial capability to commit a loan in this amount.

Item 11 was approved subject to a satisfactory appraisal of the property being made in order to substantiate 75% of loan to value ratio.

Chairman

CROWN TRUST COMPANY
MORTGAGE COMMITTEE AGENDA
NOVEMBER 4, 1982

	BORROWER	LOCATION	SECURITY	LOAN AMOUNT	INTEREST RATE	TERM	DISBURSEMENT
1.	J. Perez Construction Ltd.	Ottawa, Ontario	240 S/F Homes	$12,000,000	Interim: BP+1% Permanent: Crown's posted rate for 3 yrs.	Interim: 12 mos. Permanent: 3 yrs.	1st Q., 1983
2.	Luigi Aquilini & Giovanni Zen	Winnipeg, Manitoba	256 Unit High-Rise Apt. Bldg.	$3,000,000	14½%	September, 1983	November, 1982
3.	United Management Ltd.	Winnipeg, Manitoba	202 Suite High-Rise Apt. Bldg.	$3,675,000	15½%	September 30, 1987	November, 1982
4.	Geofcott Properties (1977) Ltd.	Burlington, Ontario	16 Unit Condo. T/H	$840,600	Interim: BP+2% Permanent: Crown's posted from Selected term	Interim: 12 mos. Permanent: Crown's posted from Selected term	4th Q., 1982 to 1st Q., 1983
5.	Shelter Corporation	Edmonton, Alberta	94 Unit Apt. Bldg.	$2,800,000	15¼%	September 1, 1984	December, 1982
6.	Elkstone Industrial Properties Ltd.	Markham, Ontario	Industrial Plaza	$2,780,000 (Maximum)	Crown's posted 5 yr. rate	5 yrs.	4th Q, 1982
7.	Imperial Ventures Ltd.	Richmond, B.C.	117 Unit MURB Apt.	$5,700,000	Posted 3 yr. rate + ½%	3 yrs.	November, 1982

CROWN TRUST COMPANY
MORTGAGE COMMITTEE AGENDA
NOVEMBER 4, 1982

	BORROWER	LOCATION	SECURITY	LOAN AMOUNT	INTEREST RATE	TERM	DISBURSEMENT
8.	Northland Properties Ltd.	Vancouver, B.C.	17-Storey Office Bldg.	$12,000,000	BP+1.5%	1 yr.	December, 1982 to July, 1983
9.	117395 Ontario Inc.	Dorval, Quebec	3-Storey Office Bldg.	$3,400,000	Prime + 1.5%	3 or 5 yrs.	November, 1982
10.	Park Place Equities Ltd.	Vancouver, B.C.	Office/Retail Bldg.	$50,000,000	Crown's cost of 30 day money + 3%	3 or 5 yrs.	November 4, 1982
11.	Cadillac Package	Toronto, Ontario	6 Apt. Projects	Participation of $62,923,187 in $101,053,956	Interim: Greymac's cost of 60-90 day money + 2½% Permanent: Greymac's cost of 3 yr. funds + 2½%	Interim: Up to 12 mos. Permanent: 3 yrs.	November 8, 1982

Res $90,938,787
Comm 68,180,000
159,118,787.

Memorandum dated December 29,
1982 re Crown Trust loan Committee
meeting on November 4, 1982

MEMO to: S.M. Stewart December 29, 1982

From: M.J. Mihelbergel

Subject: Crown Trust Loan Committee Meeting
November 4, 1982

The Cadillac Fairview loans were presented to Crown's formal Loan Committee on November 4, 1982. The Committee Members in attendance were:

T.S. Ripley
J.B. Whitely
V. Prousky
A.N. Tait

All members approved and signed the loan briefs.

Also in attendance at the meeting were George Lyn and this writer.

I presented the loans on behalf of the Mortgage function. The loans were recommended by Murray Ross and by me on the basis of the collateral value of the properties, which we rated very good to excellent.

The loans were presented in the normal fashion. Each property was outlined in our standard mortgage loan brief. Letter appraisals on the properties, summary of income and expenses, Greymac's application and Greymac's summary of sale transaction and financing data letter were available for Committee's review and selected items were reviewed.

M.J. Mihelbergel

MJM/mw
cc: M.S. Ross

Letter dated November 5,
1982 from Crown Trust to
W. Lehun

Crown Trust
COMPANY

TORONTO • OTTAWA • BRANTFORD • KITCHENER • LONDON • WINDSOR • MONTREAL • WESTMOUNT
SHERBROOKE • WINNIPEG • CALGARY • EDMONTON • VANCOUVER • VICTORIA

HEAD OFFICE
P.O. BOX 38
1 FIRST CANADIAN PLACE
TORONTO, CANADA
M5X 1G4

TELEPHONE (416) 364-4400

November 5, 1982

Mr. W. Lehun,
11 King Street West,
Suite 1702,
Toronto, Ontario.

Dear Mr. Lehun:

Re: Financing of Cadillac Fairview Apartment Buildings

Attached is a certified cheque in the amount of $62,923,187 payable to Kitimura, Yates, Margolis, Mastin & Champagne, In Trust regarding the financing of certain Cadillac Fairview Apartment buildings.

The disposition of these funds are to be in accordance with terms and conditions stipulated in communications with Mr. David Allport, Q.C. of the firm of Broadhurst & Ball. I enclose a copy of our letter to Mr. Allport of November 4 regarding this matter.

Yours very truly,

G. A. Lyn
Vice-President
Finance and Administration

GAL:ew
Enc.

Loan Application dated
October 1982 to Greymac
Trust and Seaway Trust re
Parkway Forest property

To ☒ GREYMAC TRUST COMPANY ☒ Seaway Trust Company
☐ GREYMAC MORTGAGE CORPORATION
49 Yonge Street, Toronto, Ontario, Canada M5E 1J1 (416) 862-0111

LOAN APPLICATION

A. The undersigned hereby applies to the Corporation designated above (hereinafter called "Greymac") for a mortgage loan in accordance with the following terms and conditions:

Borrower: 526001, 526002, 526003, 526004, 526005, 526006 ONTARIO INC.
Address: c/o Rene Mastin, 11 King Street West, Toronto, Ontario
Telephone — Business Residence Spouse's Bus. Telephone

Guarantor:
Address:
Telephone — Business Residence

Guarantor:
Address:
Telephone — Business Residence

Guarantor:
Address:
Telephone — Business Residence

Address of Property to be Mortgaged: 32-50 Forest Manor Road, 80 Forest Manor Road, 120 George Henry Blvd., 130 George Henry Blvd., 110 Parkway Forest Drive, 65 Forest Manor Drive, 100 Parkway Forest Drive, 125 Parkway Forest Drive, 25 Parkway Forest Drive
Type of Property:
Date of Purchase: Purchase Price:

Legal Description
(or Deed Registration No.):

Proposed Loan:

Type of Mortgage:	Conduit Wrap First Mortgage
Amount:	$60,540,900.00
Interest Rate:	2 1/2% above Greymac Trust Company's 60 day GIC, monthly. Interest Only. Up to a one (1) year term.
Repayment:	Interest Only Monthly
Amortization:	N/A
Term:	Four (4) Years
Privileges:	Any time during the first year, on 60 day's notice, the borrower can fix the rate at 2 1/2% above Greymac Trust Company's three (3) year GIC for a further three (3) years. (On Greymac Trust Company's portion of the mortgage funds herein).

Prior encumbrances to the Loan applied for:

	First	Second
Held By:		
Address		
Original Amount	$20,002,161.00	$15,700,000.00
Interest Rate		
Payments		
Maturity		
Balance Owing		

Bank References

Name of Bank:

Address:

Contact:

CONDITIONS OF MORTGAGE APPLICATION

1. It is represented that the property to be mortgaged is now or on closing will be owned by the Borrower and we acknowledge that a Consumer Report with respect to the Borrower or any guarantor, containing personal information and/or credit information, is being or may by referred to in connection with this transaction.

2. We acknowledge that representations herein as well as the accuracy of the details on all schedules submitted are relied upon by GREYMAC and without which we acknowledge that GREYMAC would not have been induced to make this loan.

3. The loan and mortgage hereinbefore referred to shall be further and additionally secured by a chattel mortgage, if required by GREYMAC, free and clear of all prior liens, charges or encumbrances on all equipment, furniture, stoves, refrigerators, washers, dryers, fittings and any other chattels indicated by GREYMAC, located on the real property mortgaged, and shall be in form satisfactory to GREYMAC's Solicitor.

4. We agree that GREYMAC may, after closing, advertise the fact that the loan to the Borrower has been made or arranged by it. In addition, GREYMAC may erect a sign on the mortgaged premises to that effect.

5. The covenants and representations contained in this application shall not merge in any document, but shall survive the closing of the mortgage transaction herein contemplated and if we fail to comply with any covenant or representation herein, we shall be deemed to be in default under the loan and in addition to any rights set out herein, GREYMAC shall be entitled to enforce any rights, which it may have under the mortgage or other security.

6. We agree that at the time of closing, there will not be any local improvement charges or arrears of real estate taxes or any other municipal charges owing against the lands or premises, nor will there be any executions, liens or judgements against the Borrower, guarantors, or their predecessors on title. In the event that one-twelfth of the estimated real estate taxes are not payable to a prior mortgagee, if any, then at GREYMAC's option, they shall be paid to GREYMAC monthly in addition to any payments due under the terms of the loan and no interest shall be payable to GREYMAC on any tax escrow account.

7. If we are unable or unwilling to complete the mortgage loan under the terms as set out in this application, or in the event of our failing to provide and/or sign all necessary documents and/or do all things as agreed to by us herein set forth, or if any statements contained herein are incorrect, or if information submitted on any schedules is incorrect, or if the title to any of the security is considered defective by GREYMAC's Solicitor, or if any of our representations, warranties or covenants are not complied with on or before closing, or if, in GREYMAC's opinion, there has been a material or adverse change in the security or any of the covenants of the mortgagors and/or guarantors, prior to closing, then in any of the foregoing cases, at GREYMAC's option, this application and any commitment resulting from this application shall be null and void and we hereby convenant and agree to pay all legal fees, disbursements, evaluation fees, and brokerage fees as set out herein, which amounts shall be payable by us as liquidated damages and not as a penalty, and we further agree that the amounts so payable by us shall be a charge upon the real property referred to in this application, and the deposit made by us as herein set out, shall be retained by

you on account of liquidated damages and not as a penalty as consideration for the time, effort, and expense incurred by any and all of GREYMAC's employees, officers and agents incurred in the review and study of the documents pertaining to the transaction, review of appraisals, credit reports and financial statements, physical inspections, legal review, reservation of funds and loss of opportunity to use the funds elsewhere. The Borrower agrees that the actual determination of the costs and expenses so incurred by GREYMAC is not feasible and that the said sum represents a reasonable estimate thereof.

8. We agree to indemnify and hold GREYMAC harmless from and against any loss, cost, liability or expense incurred as a result of the enforcement of any claims for a brokers' or finders' fee against GREYMAC by any person or entity in connection with the loan.

9. If the property is a rental property, we agree to provide GREYMAC with a general assignment of all leases and rentals (both present and future) and if required by GREYMAC, we shall provide subordination agreements from tenants in favour of GREYMAC. All leases, both present and future, are to be in form satisfactory to GREYMAC and its Solicitors and are to be at market rates which are comparable to those obtained for similar properties. We shall supply a vacancy report in connection with such property, quarter-yearly. We shall also provide GREYMAC with tenants' acknowledgements confirming terms and status of tenancies and confirming that there are no set-offs, or outstanding equities as between the landlord and each respective tenant, and without limiting the generality of the foregoing, that there are no options to purchase or rights of first refusal with respect to the lands forming the security for the mortgage loan, or any part thereof.

10. The Borrower's Solicitors in this transaction are:

11. We agree to supply to GREYMAC, within 3 days of the signing of this application, the following:
   i) current financial statements and/or personal net worth statements for the Borrower and all guarantors of the loan;
   ii) full legal description of the property(ies) to be mortgaged;
   iii) all existing leases affecting the property(ies);
   iv) up to date survey showing the location thereon of all buildings, structures and fences and accurately delineating the boundaries of the property, such summary to be prepared by a qualified Ontario land surveyor.
   v) authorizations to facilitate governmental clearances.

11. A. We agree to supply to GREYMAC or its solicitors, prior to obtaining the first advance under this loan, evidence from the Registrar in Bankruptcy and from the Official Receiver in Bankruptcy certifying that the mortgagors and all of the guarantors are not bankrupt and that no petitions, proposals, assignments, arrangements, or receiving orders have been filed or issued against any of them and we represent and warrant that no such petition, proposal, assignment, arrangement or receiving order has been filed or is pending or threatened against the mortgagors or the guarantors or any of them.

12. In the event that GREYMAC does not issue to us a commitment to be available at its offices within 15 business days of GREYMAC's receipt of this application duly executed together with all schedules and a certified cheque as provided in paragraph 16(a) hereof, this application will become null and void and shall have no further effect.

13. It is understood and agreed that we will accept a commitment in accordance with the terms of this application and, this application shall constitute a binding agreement on our part to accept the loan applied for herein.

14. This transaction shall be completed within 15 business days after GREYMAC's commitment has been issued and if GREYMAC's Solicitor shall not have completed all searches and/or received satisfactory answers to all requisitions which he deems necessary, or has not received any documentation requested from us by GREYMAC's Solicitor, we agree that at GREYMAC's option the closing date may be extended for such reasonable time or times as GREYMAC's Solicitor may decide after the date that is initially set for closing, but that notwithstanding any extension(s) interest shall accrue from the date initially set for closing.

15. Time shall be of the essence of this application and all terms of the commitment resulting from the acceptance thereof.

16. (a) Total fees including legal fees, ~~brokerage fees~~ and appraisal fees (but not including mortgage insurance or similar fee) shall be $ N/A plus legal disbursements, and we are enclosing herewith our certified cheque in the amount of $ N/A payable to GREYMAC which cheque shall constitute a stand-by fee. In the event this application is not accepted by GREYMAC the stand-by fee will be returned to us without interest less $ N/A being the cost of the appraisal plus GREYMAC's inspection fees; otherwise the amount of the stand-by fee is to be applied to the fees owing on the closing of this transaction. Legal fees and appraisal fees shall be paid by the borrower.
If the property is situate 50 miles or more from GREYMAC's head office, in addition to the fees mentioned above the

Borrower acknowledges that the non-refundable inspection fee is fair and reasonable for the time and effort expended by GREYMAC on the Borrower's behalf with respect to the loan applied for.

(b) It is understood that, at GREYMAC's option, an appraisal will be made of the property by an appraiser of GREYMAC's choice at our expense. The appraisal of the property must be in an amount and in a form satisfactory to GREYMAC and containing no comment detrimental to the project.

(c) In addition to the fees in 16(a), we agree to pay closing costs for GREYMAC's work in the closing of the transaction of $2.00 per $1,000 or $500 whichever is the lesser.

17. We hereby authorize, instruct and direct GREYMAC to deduct the balance of fees, including legal fees and legal disbursements out of the first advance to be made under the terms of this application.

18. We covenant that all buildings (if any) on the lands have been constructed, or shall be constructed to comply with all municipal, provincial or other governmental regulations or requirements and that there shall be no outstanding work orders of any sort at the time of each advance under the mortgage.

19. The mortgage shall be on GREYMAC's standard form, which we acknowledge is available to us on request, and in addition to all other clauses required by GREYMAC's Solicitors, shall contain the following provisions:

(a) In the event that any notice is given by us to GREYMAC in exercise of any prepayment or partial discharge privileges, and if payment is not made in accordance with such notice, then, at the option of GREYMAC, the whole amount outstanding, or so much thereof as is the subject matter of such notice, shall be due and payable, and the loan shall, to such extent, be deemed to be in default. No partial discharge or prepayment privilege may be exercised if the mortgage is, or ever has been, in default.

(b) If GREYMAC is collecting rents due to default by the Borrower, GREYMAC is to be entitled to a management fee of 5% of the gross receipts from such rentals and shall not be deemed a mortgagee in possession.

(c) In the event that the loan herein applied for is a construction loan, and should GREYMAC have to complete construction of the premises due to the default of the Borrower, then GREYMAC shall be entitled to a 15% management fee based on the cost of completion of the project, which fee shall be added to the mortgage, and which will bear interest at the rate set out in the mortgage.

(d) If the mortgaged property is sold by the Borrower, or there is a change in control of a corporate Borrower, or a change in beneficial ownership of the mortgaged property, all sums secured under the loan herein applied for shall forthwith become due and payable at GREYMAC's option.

20. Title to the properties mortgaged must be satisfactory to GREYMAC's Solicitor. We agree to supply the following documents in addition to any other documents required by GREYMAC's Solicitor (we further agree to execute all such documentation as we may be so requested by GREYMAC's Solicitor):

(a) Two copies of an up-to-date survey and surveyor's legal description of the lands and premises being mortgaged;

(b) An acknowledgement in form satisfactory to GREYMAC's Solicitor as to the balance(s) owing on any prior mortgage(s), duly executed by the prior mortgagee(s);

(c) Confirmation that real estate taxes including local improvements and all levies including taxes for the current year have been paid, and GREYMAC's Solicitor is hereby irrevocably authorized to deduct any unpaid taxes, utility charges, and insurance premiums at the time of closing, and to make payment to the municipalities and/or corporation in question;

(d) If the mortgage herein applied for is a bonus mortgage, a bonus agreement in a form satisfactory to and prepared by GREYMAC's Solicitor;

(e) A certificate of the Borrower's Solicitor, that the mortgagors named in the mortgage are the persons who they represent themselves to be and are the registered owners of the property mortgaged, and such certificates shall be in a form satisfactory to GREYMAC's Solicitor and shall set out the information upon which it is based:

(f) Fire insurance with a company and in a form acceptable to GREYMAC, on a replacement cost basis, in an amount at least sufficient to cover GREYMAC's interest and the interest of prior mortgagees (if any); public liability insurance for a minimum of $1,000,000.00, boiler and rental insurance (minimum 12 months), and any other insurance which may be required by GREYMAC to cover its interest, together with evidence that premiums for a period of at least one year from closing have been paid. Policies containing co-insurance clauses are not acceptable;

And Greymac Trust Company hereby acknowledges that this mortgage will be partially syndicated to Seaway Trust Company for an amount not exceeding $6,000,000.00, and Greymac Trust Company further ackowledges that Seaway Trust Company will have its interest registered on title to the property herein as a syndicated mortgagee in the proportion advanced to the other respective mortgagee(s).

Interest Rate for funds of Seaway Trust Company:	2% above Seaway Trust Company's one (1) year GIC. Up to a one year term.
Repayment:	Interest Only Monthly.
Amortization:	N.A.
Term:	Up to Four (4) Years.
Privileges:	At any time during the first year, on 60 day's notice, the borrower can fix the rate at two (2%) per cent above Seaway Trust Company's three (3) year GIC for a further three (3) years provided that in no event shall the interest rate be less than sixteen and one-quarter (16¼%) per cent per annum (on Seaway Trust Company's portion of the mortgage funds herein).

The borrower acknowledges that both or either of Seaway Trust Company and Greymac Trust Company can set their respective cost of funds at any time up to and including the 60 day's notice given by the borrower.

(g) In the event that the Borrower or guarantor is a limited company such documents as may be required by GREYMAC's Solicitor.

(h) Postdated cheques for all payments of principal and interest and taxes due under the terms of the loan;

(i) Independent legal advice in the event that one of the Borrowers (or guarantors) is the spouse of a Borrower or guarantor;

(j) If the property to be mortgaged is subject to lease(s), fully executed copies thereof (to be attached to and submitted with this application);

(k) Duly executed Assignment of all plans, documents, appraisals, valuations, building permits and other permits relating to construction on the subject property, soil reports, all contracts relating to construction on the subject property and all warranties and guarantees relating to the work done on the subject property, and buildings located thereon, including any equipment thereon in favour of GREYMAC, on its standard form.

(l) Bankruptcy and Official Receiver's Certificates as against the name of all mortgagors and guarantors.

20. A. GREYMAC requires that any assignment of mortgage assignment of leases and/or rents given as security and any chattel mortgage given as security in this transaction shall be registered under The Personal Property Security Act of Ontario in priority to all other interests, save for those specifically recited in this commitment as being prior in interest to GREYMAC's security.

21. If this loan is a construction loan then the schedule attached hereto marked "Construction Loan Schedule", shall be deemed to form part of this application.

REPRESENTATIONS AND WARRANTIES

22. The Borrower declares that all statements contained in this application are complete and true to the best of the Borrower's knowledge and if the application is approved, the Borrower agrees that the foregoing terms, conditions, additional conditions, representations attached hereto and thereby made a part hereof, shall be the entire agreement between the Borrower and GREYMAC with respect to the loan, and supersede any and all prior oral or written agreements and shall not be modified, altered or changed except in writing executed by both Borrower and GREYMAC.

23. The Borrower agrees that neither the execution nor registration of the mortgage resulting from the within application nor the advancement in part of the monies shall bind GREYMAC to advance monies or any unadvanced portion thereof, but that the advance of the monies or any part thereof from time to time shall be in the sole discretion of GREYMAC.

24. If during the period of the loan herein applied for, an inspection of the property is required to confirm construction costs to date, we shall pay an inspection fee for each inspection in the amount of $ N/A and GREYMAC's Solicitor shall be paid his reasonable fee and disbursements for each sub-search prior to each advance (the cost of each inspection of a property situate 50 miles or more from GREYMAC's head office shall be $750.00).

25. If required by GREYMAC the spouse of the Borrower shall join in any and all documentation that GREYMAC or its Solicitor may require.

26. We agree that this application may be committed by GREYMAC on behalf of an Investor Client and that all terms and conditions of this application and the commitment arising from this application will be adhered to by us as if GREYMAC was the lender and advancing the funds under the loan.

27. This application is to be read with all changes of gender or number required by the context and wherever the word "closing" appears herein it shall be deemed to mean the date of completion of the first advance under the loan applied for herein.

DATED AT TORONTO THIS DAY OF OCTOBER 1982

SIGNED, SEALED AND DELIVERED
in the presence of

526001 ONTARIO INC.

per: ______________________

per: ______________________
526002 ONTARIO INC.

per: ______________________
526003 ONTARIO INC.

DATED AT TORONTO, THIS		DAY OF OCTOBER 1982.
SIGNED, SEALED AND DELIVERED in the presence of	)	526004 ONTARIO INC.
	)	per:
	)	per:
	)	526006 ONTARIO INC.
	)	per:
	)	526006 ONTARIO INC.

Memorandum dated December 29, 1982 re Greymac Trust's loan committee meeting November 3, 1982

MEMO to: M.J. Mihelbergel

December 29, 1982

From: Ron Lofsky

Subject: Greymac Loan Meeting - November 3, 1982
Cadillac Fairview Loans

The loans to Cadillac Fairview were approved at Greymac's loan meeting. All members of the Committee were present and approved and signed the loan summary -

Ron Lofsky
Barry Walton
John Linthwaite
Lorne Collis
George Comisso

As is the procedure for Greymac, for loans over $1,000,000, Leonard Rosenberg recommended and signed the loan summary but did not attend the meeting.

Greymac does not at present have a written loan policy manual. Policy and procedures were controlled at the Loan Committee level.

Ron Lofsky

Ron Lofsky

Greymac Trust Mortgage Loan
Approval Summary re Parkway
Forest property

MORTGAGE LOAN APPROVAL SUMMARY

☑ NEW
☐ RENEWAL + INC.
☐ ASSUMPTION

TYPE
~~G.M.C.~~
☑ G.T.C.

MTGE # 82-1287

APPROVAL DATE

CLOSING DATE

SOURCE

CONVENTIONAL | MICC | NHA ✓ | 1st | 2nd | ✓ WRAP | Ins. #:

Address of Property: 32-50 Forest Manor Rd., 80 Forest Manor Rd., 120 George Henry Blvd., 130 George Henry Blvd., 110 Parkway Forest Dr., 65 Forest Manor Dr., 100 Parkway Forest Dr., 125 Parkway Forest Dr., 25 Parkway Forest

~~Mailing Address~~:

Phone:

Mortgagors

526001, 002, 003, 004, 005, 006 Ontario Inc.

Guarantors

Loan Amount $ 60,540,900.

Rate 60-90 day cost + 2.5% Yld. %

Term 4 years

Amortization N/A

Payment $ Interest Only

Privileges rate can be fixed, on 60 days notice @ cost + 2½% to run for 3 yrs. (during 1st yr)

Sale Price $ 80,721,200 75 %

Appraised Value $ 83,290,000 72.7 %

Appraised by H.J. Moehring date Oct 25 82

FEES AND COMMISSIONS

1. Appraisal fee on deposit $
2. Good Faith on deposit $
3. Insurance Premium $
4. DEDUCTIONS
   - a. Appraisal $
   - b. Closing Costs $
   - c. Fees & Commissions $
   - d. Broker's Fees $
   - e. Discount $
   - f. $
   - g. $
   - h. $

SUB TOTAL: $

5. DISBURSEMENTS
   - a. External Appraiser $
   - b. Broker's Fees $
   - c. Legal $
   - d. Insurance Premium $
   - e. $
   - f. $
   - g. $

SUB TOTAL: $

NET HOUSE INCOME: $

Age:	Carrying Charges	G.D.S.R.	Purch
Occupation	P.&.I. $		Ref.
Income	TAXES $		V.T.B.
Employment $	OTHER MTGES $		
Other $	TOTAL: $		
TOTAL: $			

SOLICITOR: David Allport
2 Robert Speck Pkwy.
Mississauga
275-3511

1st	$ 20,002,101	
2nd	$ 15,700,000	
Equity	$	
Value	$ 80,721,200	10

COMMENTS: Greymac's Share - $2,400,000.

APPROVAL:

Leonard Rosenberg per:
Ron Lofsky per:
Barry Walton per:
John Linthwaite per:
Lorne Collis per:
George Comisso per:
per:
per:

Letter dated November 3,
1982 from Greymac Trust
to various numbered companies
c/o Mastin accepting loan
application re Parkway Forest
property

GREYMAC

GREYMAC TRUST COMPANY GREYMAC MORTGAGE CORPORATION

49 Yonge Street, Toronto, Ontario, Canada M5E 1J1 Telephone 862-0111 Telex 06-22261

November 3, 1982

526001, 526002, 526003, 526004, 526005, 526006 ONTARIO INC.
c/o R. Mastin
11 King Street West
Toronto, Ontario

Dear Sir:

Re: Conduit Wrap First Mortgage - Our File #82-1287
Parkway Forest Project, North York

We are pleased to confirm that your application as above noted, and copy of which is attached, has been accepted by us and we hereby commit to advance funds in accordance with the terms and conditions contained therein.

We wish to thank you for the opportunity of being of assistance in this regard, and remain,

Yours very truly,

GREYMAC TRUST COMPANY

per: Ron Lofsky per:

/hg

encl.

NOVEMBER 3rd, 1982

* ONTARIO INC. (herein referred to as the "Company")
c/o Kitamura Yates Margolis Mastin & Champagne,
Barristers and Solicitors,
11 King Street West, Suite 1702,
TORONTO, Ontario. M5H 1A3

*526001 Ontario Inc., 526002 Ontar
526003 Ontario Inc., 526004 Ontari
526005 Ontario Inc., 526006 Ontari

Dear Sirs:

RE: MORTGAGE LOAN COMMITMENT # 2256

We are pleased to advise that your application for a condu wrap first mortgage loan has been approved, subject to the conditions re corded below and the general conditions on the reverse herein.

PROPERTY DESCRIPTION:

9 Apartment Buildings, known as PARKWAY FOREST and consisting 1854 apartment units.

LEGAL DESCRIPTION:

Legal descriptions are to be supplied and satisfactory to the Solicitors for Seaway Trust Company.

LOAN AMOUNT: $6,000,000.00

TERM: 1 year, with option to renew on 60 days for another 3 years with interest to be deter by Seaway Trust Company to bear interest at 2% over Seaway Trust Company 3 year G.I.C.

INTEREST RATE:
16 1/4% per annum, calculated and compounded monthly, interest only, pay at the aforesaid rate, based on the amount outstanding from time to time shall be due and payable on the 10th of each and every month, commencing on the 10th day of December, 1982 and ending on the expiry date of the mortgage. The interest adjustment date shall be on the 10th day of November, 1982.

FIRE INSURANCE:

Fire Insurance is required to the full insurable value, but not less tha $80,721,200.00

ADDITIONAL SECURITY:

Seaway Trust Company will require a chattel mortgage on all chattels now the real property to be registered under the Personal Property Security and will additionally require a registered assignment of rentals, to be exercised only upon default.

SOLICITOR:

The legal documentation will be prepared by the firm of Broadhurst and Ball. You agree to pay the legal fees and disbur ments necessarily incurred and charged by the Solicitors for the Company in completing all legal work necessary to provide the Company with its mortgage security, which legal fees shall be deducted by the Company's Solicitors from the first advance under this mortgage.

The Purchasers shall have obtained and shall deliver to Seaway Trust Company, or whomsoever they may designate, at the Closing either an Orde in Council issued pursuant to the Foreign Investment Review Act (Canada) (the "Act") allowing the purchases under the Act or an opinion of counse satisfactory to the Purchasers and to Seaway Trust Company, or whomsoeve they may designate, to the effect that the purchases are not subject to review and approval under the Act.

SEAWAY TRUST COMPANY
2255 SHEPPARD AVE. EAST, WILLOWDALE, ONTARIO, CANADA M2J 4Y1 (416) 496-1

EXPIRY:

This commitment is considered null and void unless all conditions are complied with and the mortgage funds disbursed by the 15th day of Nove 1982.

I/WE HEREBY ACCEPT the foregoing mortgage loan commitmen and acknowledge having read the general conditions on the reverse here

DATED this 5th day of November, 1982.

SEAWAY TRUST COMPANY

Per:

ACCEPTED ON THE TERMS AND CONDITIONS HEREIN PROVIDED THIS 5TH DAY OF NOVEMBER, 1982.

526001 ONTARIO INC.

Per:

526002 ONTARIO INC.

Per:

526003 ONTARIO INC.

Per:

526004 ONTARIO INC.

Per:

526005 ONTARIO INC.

Per:

526006 ONTARIO INC.

Per:

Example of Seaway Trust direction re advance of mortgage funds

SEAWAY TRUST COMPANY

HEAD OFFICE - 85 CLARENCE STREET, PORT COLBORNE, ONTARIO, CANADA (416) 835-1313

REQUISITION FOR MORTGAGE FUNDS

DATE: November 5, 1982

Issued to: Kitamura, Yates, Margolis, Mastin and Champagne "in trust"

Re: Mortgage Loan No. 6-105-3-2260

Your File No. The Towne

Dear Sirs:

Please find enclosed our cheque in the amount of $ 3,569,031.00; dated November 8, 1982 representing the (1st ☐), (2nd ☐), (3rd ☐), (4th ☐), (Full ☒) advance(s) on the above mentioned account(s)

GROSS LOAN			$ 3,569,031.00
LESS	Cost to Complete		
Previous Advances			
GROSS ADVANCE			3,569,031.00
LESS:			
Discount (Bonus $)		$	
Placement Fee (Discount $)			
Mortgage Insurance fee to			
Interest adjustment to			
NET ADVANCE		$ N/A	$ 3,569,031.00

*Please note: 1) If for any reason our enclosed disbursement funds cannot be advanced immediately, the funds must be returned to this office for further action.
2) Interest is calculated from the date of the cheque.

ESCROW CONDITIONS: (PLEASE NOTE APPLICABLE CONDITIONS)

☒ Prior to releasing this advance, please make the usual searches for liens and executions while at the same time deducting and paying all outstanding taxes. The Mortgage must be registered prior to releasing these funds. We look forward to receiving your reporting letter and documentation within 15 days of disbursing these funds.

☒ Insurance coverage must be in force prior to disbursing of funds and must be in accordance with our Mortgage Commitment.

☐ These funds are sent to you in escrow pending receipt of a series of post-dated cheques commencing ________, each in the amount of $ ________.

☒ Other These funds are sent to you in escrow, subject to confirmation of existing encumberances and our loan not exeeding a 75% advance, with any excess to be returned to Seaway Trust Company.

Yours truly,
SEAWAY TRUST COMPANY

Per Jim Walton
GENERAL MANAGER

Letter dated November 8, 1982 from Seaway Trust to the Ministry of Consumer and Commercial Relations, together with Seaway Trust's press release re Cadillac Fairview transaction

SEAWAY TRUST COMPANY
2255 SHEPPARD AVE. EAST, WILLOWDALE, ONTARIO, CANADA M2J 4Y1 (416) 486-1144

November 8th, 1982.

PRIVATE & CONFIDENTIAL

Mr. H.R. Terhune,
Department of Insurance,
Ministry of Consumer & Commercial Relations,
555 Yonge Street, 6th Floor,
TORONTO, Ontario.

Dear Mr. Terhune:

This letter is to advise the Department of Insurance that Seaway Trust Company provided $76,101,000 of participating wrap first mortgage financing to the purchasers of the Cadillac Fairview residential units which were sold Friday, November 5th, 1982, and Monday, November 8th, 1982.

Attached please find a copy of Seaway Trust Company's press release with respect to this transaction which we were required to make under the Ontario Securities Act and our Material Change Report.

Seaway's mortgage participation comprises 25 loans on 25 parcels of real estate for a total of $76,101,000. Certain of the loans are syndicated loans with Crown Trust Company and Greymac Trust Company. The syndicated loans are registered on parcels which consist of a number of buildings and have higher values. Seaway Trust Company is the only participant on nineteen of the loans. In each case, the mortgages wrap existing first mortgage financing and the vendor-take-back Cadillac Fairview second mortgages which were part of the purchase agreement made between Greymac Credit Corporation and Cadillac Fairview Corporation. Seaway is obtaining an average yield of 2% over our money costs on the funds we have advanced. In addition, the purchasers, via the mortgage documents and a participation agreement, have provided to Seaway Trust a participation of 12 1/2% in the net equity of these properties.

The properties were sold in a number of separate sale transactions for $500,000,000 with $125,000,000 equity provided by the purchasers on closing. Therefore, Seaway Trust Company's equity participation derived from our mortgages had a value, at closing, of $15,650,000. The net current impact, after tax, on Seaway Trust Company's retained earnings is an addition of $7,531,000 as referenced in the attached press release.

.....continued.....

You will be pleased to know that Mr. A.J. Reynolds Mastin, Vice President of Seaway Trust Company, acted for the purchasers, who are residents of the Middle East. You will recall that in my letter to Mr. Howard Roach of July 28th, 1982, I referred on page 5 of that letter to Mr. Mastin's on-going efforts on our behalf to interest Middle Eastern investors in Canadian investments. This transaction is a result of his many years of efforts, and has created an exciting business opportunity for Seaway Trust Company.

While there has been substantial press reporting and controversy with respect to the proposed sale of these properties by Cadillac-Fairview Corporation to Greymac Credit Corporation, we wish to advise that Seaway Trust Company has taken every precaution to ensure that our participation in this transaction will satisfy the Department of Insurance in all respects.

You will be pleased to know, for instance, that Seaway's mortgage commitments required the purchasers to provide us evidence of two substantial legal opinions that the Foreign Investment Review Act does not apply to this transaction. In addition, professional advice of the highest calibre was sought and obtained on the tax, investment structure and public relations aspects of these transactions.

This letter is being sent to you as a courtesy, with a copy of our press release, so that the Department of Insurance may have some advance familiarity with this project. It is also being sent on a private and confidential basis, and the information contained herein is as between Seaway Trust Company and the Department of Insurance only, and must not be released to any other parties.

I am very proud that an Ontario Institution has been able to play a significant role in this transaction and trust the Department will be as well.

Yours very truly,

SEAWAY TRUST COMPANY,

per: Andrew F. Markle,
President.

AFM/vf
Att.

SEAWAY TRUST COMPANY
2255 SHEPPARD AVE. EAST, WILLOWDALE, ONTARIO, CANADA M2J 4Y1 (416) 496-11

RECEIVED
NOV 0 1982
INVESTIGATION BRANCH

November 9th, 1982.

Ontario Securities Commission,
10 Wellesley Street East,
TORONTO, Ontario.
M7A 2H7.

Gentlemen:

We enclose to you herewith a copy of the amended press release to replace the one which was enclosed with our Statement of Material Change form.

Yours very truly,

SEAWAY TRUST COMPANY,

James N. Walton,
General Manager.

JNW/vf
Encl.

11-11 82

SEAWAY TRUST COMPANY
2255 SHEPPARD AVE. EAST, WILLOWDALE, ONTARIO, CANADA M2J 4Y1 (416) 496-1

November 8th, 1982.

FOR IMMEDIATE RELEASE

Seaway Trust Company of Port Colborne, Ontario announce that the Company provided mortgage assistance to a number of purchasers of 10,830 residential units formerly owned by Cadillac-Fairview Corporation on November 5th and 8th, 1982.

The mortgages yield normal commercial rates, but also contain a participating feature. Based on present information, the value of assets involved in the participating feature of the mortgages, when finally determined, is expected to add $7,531,000 to the common shareholders' equity of Seaway Trust Company, excluding the results of all other operations for the year.

Contact Persons:

James N. Walton
General Manager
(416) 496-1144

Andrew F. Markle
President
(416) 496-1144

MED

SEAWAY TRUST COMPANY
2255 SHEPPARD AVE. EAST, WILLOWDALE, ONTARIO, CANADA M2J 4Y1 (416) 496-1144

November 8th, 1982.

ONTARIO SECURITIES COMMISSION

FOR IMMEDIATE RELEASE

Seaway Trust Company of Port Colborne, Ontario provided $76,101,000 of participating mortgage financing to the purchasers of 10,830 residential units formerly owned by Cadillac-Fairview Corporation on November 5th and 8th, 1982.

The mortgages yield normal commercial rates, but also contain a participating feature. Based on present information, the value of assets involved in the participating feature of the mortgages, when finally determined, is expected to add $7,531,000 to the common shareholders' equity of Seaway Trust Company, excluding the results of all other operations for the year.

Contact Persons:

James N. Walton
General Manager
(416) 496-1144

Andrew F. Markle
President
(416) 496-1144

RECEIVED
NOV 0 9 1982
INVESTIGATION BRANCH

MEMBER - CANADA DEPOSIT INSURANCE CORPORATION

FORM 27

SECURITIES ACT

Material Change Report Under
Section 74(2) of the Act

ITEM 1 REPORTING ISSUER

Seaway Trust Company,
Suite A110
2255 Sheppard Avenue East
Willowdale, Ontario
M2J 4Y1

ITEM 2 DATE OF MATERIAL CHANGE

November 5th and 8th, 1982

ITEM 3 PRESS RELEASE

Press release issued in Toronto November 8th, 1982 through Canada News-Wire Ltd.

ITEM 4 SUMMARY OF MATERIAL CHANGE

The Issuer has provided mortgage financing which includes a participating feature which has added $7,531,000 to the common shareholders' equity.

ITEM 5 FULL DESCRIPTION OF MATERIAL CHANGE

See attached Press Release

ITEM 6 RELIANCE ON SECTION 74(3) OF THE ACT

Not Applicable

ITEM 7 OMITTED INFORMATION

Not Applicable

ITEM 8 SENIOR OFFICERS

Andrew F. Markle, President - 496-1144

ITEM 9 STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to herein.

DATED at Toronto, this 8th day of November, 1982.

SEAWAY TRUST COMPANY

per: ______________________________ c/s
Andrew F. Markle
President

Unaudited financial statement
of Kilderkin dated April 30, 1982

KILDERKIN INVESTMENTS LTD.

FINANCIAL STATEMENT

APRIL 30, 1982

D R A F T

KILDERKIN INVESTMENTS LTD.
(Incorporated under the laws of Ontario)

BALANCE SHEET - APRIL 30, 1982

UNAUDITED

ASSETS

Revenue producing real estate - inventory	58,920,059
Revenue producing properties under renovation	1,843,064
Notes and Mortgages receivable	8,503,862
Investments in other companies	1,724,430
Cash and other deposits	2,915,121
Cash flow deficiencies	7,616,602
Other assets	12,990,567
Goodwill	400,000
	$ 94,913,705

LIABILITIES

Mortgages payable	72,683,252
Income taxes payable	85,920
Other loans payable	4,856,280
Accounts payable and accrued liabilities	4,762,549
	82,388,601
Deferred income on sale of revenue producing real estate	12,247,119
	94,635,720

SHAREHOLDERS' EQUITY

Capital stock	192,001
Retained earnings	85,984
	277,985
	$ 94,913,705

[illegible] S T A T E M E N T

KILDERKIN INVESTMENTS LTD.

STATEMENT OF INCOME AND RETAINED EARNINGS

YEAR ENDED APRIL 30, 1982

UNAUDITED

Sale of revenue producing real estate - Inventory	$101,080,156
Cost of sale	90,733,621
	10,346,535
Other income	4,084,421
	14,430,956
Rental income	7,078,521
	21,509,477
Operating expenses	21,337,638
Income before income taxes	171,839
Income taxes	85,920
Net income	85,919
Retained earnings, beginning of year	65
Retained earnings	$ 85,984

D R A F T   S T A T E M E N T

Guaranty Agreement and
Security Agreement each dated
January 17, 1983 executed
by Kilderkin in favour of
Markle in trust for Seaway
Trust

GUARANTY

TO: ANDREW F. MARKLE ("Markle") in trust for
SEAWAY TRUST COMPANY ("Seaway")

WHEREAS pursuant to the provisions of a number of mortgages (the "Mortgages") made the 5th day of November, 1982 between the companies set out in Schedule "A" hereto as mortgagors (the "Companies"), and Seaway, Seaway agreed to advance to the Companies various loans (the "Loans") as more particularly set forth in Schedule "A" hereto.

NOW THEREFORE IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. The undersigned hereby, jointly and severally, covenant, undertake and agree with Markle that if all liabilities of the Companies to Seaway howsoever incurred relating to the Loans including, without limitation, payment of the principal amount thereof and any accrued and unpaid interest thereon (including interest on overdue interest) (the "Liabilities") are not paid when due then the undersigned will pay any due and unpaid Liabilities up to, but not in excess of $15,000,000 in Canadian funds to Markle in trust for Seaway together with interest at the rate payable by the Companies under the Mortgages accruing from the date of demand by Markle on the undersigned.

2. This Guaranty shall be a continuing guaranty and shall be operative and binding notwithstanding any change in the name, business, directorate, powers, objects, organization or management of the Companies, it being understood that this Guaranty shall continue in full force and effect notwithstanding any reorganization of any or all of the Companies or the amalgamation of any or all of the Companies with another or others or the sale or disposal of the business of any or all of the Companies, whether in whole or in part, to another or others.

3. The taking from time to time of further or other security or securities for the Liabilities or any part thereof and/or the release, discharge, abandonment or other dealing with or failure to deal with the undersigned or others or any such security or securities or any part thereof or with any security (or any part thereof) now held shall not in any way release or discharge the undersigned from this Guaranty. Without limiting the generality of the foregoing or of Section 4 hereof it is understood that Seaway or Markle, as the case may be, may, without exonerating the undersigned, give up or modify or abstain from perfecting or taking advantage of any security or securities and accept or make any compositions or arrangements and realize any security or securities when and in such manner and with or without notice as Seaway and Markle may deem expedient. Neither Seaway nor Markle nor any of Seaway's directors, officers, employees or agents shall be responsible in negligence for any act

taken or omitted to be taken by Seaway or Markle or any of them hereunder or in connection herewith.

4. Seaway shall have the right to grant to any or all of the Companies or to any person or persons liable to Seaway for the Liabilities or any part thereof time for payment or any other indulgence and may compound with all or any of such persons as Seaway and Markle shall see fit, all without in any way prejudicing or affecting any of Markle's rights hereunder.

5. All right to question in any way any present or future method of dealing with any or all of the Companies or any dealing with any person or persons now or hereafter liable for the Liabilities or any part thereof or with any securities now or hereafter held by Seaway or with any goods or property covered by such securities or any of them is hereby waived, provided any and all such dealings have been authorized and approved by Markle. The undersigned hereby renounces all benefits of discussion and division. The undersigned shall not be entitled to require that Seaway or Markle, as the case may be, have exhausted recourse against any or all of the Companies or the security or securities held nor to value same before Markle is entitled to payment from the undersigned and to enforce any security held with respect to this Guaranty.

6. Upon the bankruptcy or winding up or other distribution of assets of any or all of the Companies or any surety or guarantor for any indebtedness of any or all of the Companies to Seaway, Markle's rights shall not be affected or impaired by Seaway's omission to prove its claim or to prove its full claim and Seaway may prove such claim as it sees fit and may refrain from proving any claim and in Seaway's sole discretion it may value as it sees fit or refrain from valuing any security or securities held by it without in any way releasing, reducing or otherwise affecting the obligations of the undersigned, provided all that which is done or not done is authorized or approved by Markle, and until the Liabilities have been fully paid, Seaway shall have the right to include in its claim the amount of all sums paid by the undersigned to Markle hereunder and to prove and rank for and receive dividends in respect of any such claim.

7. No delay on Markle's part in the exercise of any right or remedy shall operate as a waiver thereof and no single or partial exercise by Markle of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No action of Markle permitted hereunder shall in any way impair or affect this Guaranty.

8. The undersigneds' obligations hereunder to Markle shall not be that merely of sureties and, without limiting the generality of the foregoing, all acts and things done or omitted to be

done by Seaway and authorized as approved by Markle that might otherwise release the undersigned from payment on account of the Liabilities shall not impair, reduce or otherwise affect the enforceability of this Guaranty, and the undersigned's liability hereunder.

9. It is a condition precedent to this Guaranty being enforceable that Markle beneficially own, directly or indirectly, sufficient shares of Seaway Trust Company to elect a majority of directors of Seaway and that Markle have supervision, direction and control over the day-to-day business affairs of Seaway.

This Guaranty shall terminate upon the rental income derived from the properties subject to the Mortgages exceeding all expenses attributable to the said properties.

10. Any notice or demand to be given may be served on the person to be served or, if on a company, on an officer of the company receiving notice, or by sending the same by registered mail in an envelope addressed to the last known place of address of the person or company to be served and the notice so sent shall be deemed to be served on the third business day following that on which it is mailed.

11. Notwithstanding any other provision contained herein, if Markle is entitled to exercise his rights under this Guaranty

he shall give notice to the undersigned giving details of the reason for such entitlement and a period of 35 days within which to remedy the reason. If same is not remedied within such period then Markle may exercise his rights hereunder.

12. It is agreed that Markle shall be under no personal liability whatsoever to anyone by reason of the execution and delivery hereof or anything done or omitted to be done by him hereunder or in any way in consequence hereof, both before and after default, and shall be under no obligations or liabilities whatsoever unless indemnified and otherwise protected to his satisfaction.

13. This Guaranty is made pursuant to the laws of the Province of Ontario, Canada and shall be construed, interpreted and enforced in accordance therewith.

This Guaranty shall be enforceable against Kilderkin Investments Ltd. upon execution and delivery by it notwithstanding that Maysfield Property Management Inc. has not executed and delivered this Guaranty.

DATED the 17th day of January, 1983.

MAYSFIELD PROPERTY MANAGEMENT INC.

Per:______________________________
Authorized Signing Officer

c/s

Per:______________________________
Authorized Signing Officer

KILDERKIN INVESTMENTS LTD.

Per:______________________________ c/s
Authorized Signing Officer

** [illegible] rtg [illegible] fun[illegible] provided by Seaway

SCHEDULE "A"

PROPERTY NUMBER	PROPERTY	MORTGAGORS	PRINCIPAL AMOUNT OF MORTGAGE	TERM OF MORTGAGE
1.	PARKWAY FOREST 25 Parkway Forest Drive 32-50 Forest Manor Road 65 Forest Manor Road 80 Forest Manor Road 100 Parkway Forest Drive 110 Parkway Forest 120 George Henry Blvd. 125 Parkway Forest 130 George Henry Blvd.	526001 Ontario Inc. 526002 Ontario Inc. 526003 Ontario Inc. 526004 Ontario Inc. 526005 Ontario Inc. 526006 Ontario Inc.	* indicates a syndicated mortgage. Amount shown represents Seaway's share only. 5,775,450.00*	One Year
2.	HORIZON HOUSE 7 & 9 Roanoke Road	526007 Ontario Inc.	2,733,672.32	Two Years
3. **	HORIZON VILLAGE 56-88 Cassandra Boulevard	-	-	-
4.	SUMMIT PLACE 1441 Lawrence Avenue East	526009 Ontario Inc.	3,117,275.46	Two Years
5.	THE TOWNE 77 St. Clair Avenue East	526010 Ontario Inc. 526011 Ontario Inc.	3,1[illegible]8,810.24	Two Years
6.	BRETTON PLACE 44 Jackes Avenue 33 Rosehill Avenue	526012 Ontario Inc. 526013 Ontario Inc. 526014 Ontario Inc.	5,055,127.00*	One Year
7.	ROSEDALE EAST 50-70 Cambridge Avenue	526015 Ontario Inc. 526016 Ontario Inc.	8,201,624.24	One Year
8.	HAMPTON HOUSE 299 Roehampton Avenue 322 Eglinton Avenue East 42-50 Rawlinson Avenue	526017 Ontario Inc. 526018 Ontario Inc.	7,962,033.74	One Year
9.	PARK PLACE 35 High Park Avenue 41-63 High Park Avenue 65 High Park Avenue 66 Oakmount Road 66 Pacific Avenue 95 High Park Avenue 102-111-116 Pacific Ave. 255 Glenlake Road 299 Glenlake Road	526019 Ontario Inc. 526020 Ontario Inc. 526021 Ontario Inc. 526022 Ontario Inc. 526023 Ontario Inc. 526024 Ontario Inc.	5,930,749.00*	One Year

PROPERTY NUMBER	PROPERTY NAME & LOCATION	MORTGAGORS	PRINCIPAL AMOUNT OF MORTGAGE	TERM OF MORTGAGE
			* indicates a syndicated mortgage. Amount shown represents Seaway's share only.	
10.	GRENADIER SQUARE 40 High Park Avenue 51 High Park Avenue 51 Quebec Avenue 52 High Park Avenue 65 Quebec Avenue 66 High Park Avenue 77 Quebec Avenue	526025 Ontario Inc. 526026 Ontario Inc.	7,333,259.29	One Year
11.	ROSEBURY SQUARE 111 Ridelle Avenue 140 Elm Ridge Drive 141 Lyon Court 145 Marlee Avenue 377 Ridelle Avenue	526262 Ontario Inc. 526263 Ontario Inc. 526264 Ontario Inc. 526265 Ontario Inc.	5,037,869.00*	One Year
12.	UNIVERSITY CITY 1 Fountainhead Road 35 Fountainhead Road 40 Fountainhead Road 453 Sentinel Road 470 Sentinel Road	526266 Ontario Inc. 526267 Ontario Inc. 526268 Ontario Inc. 526269 Ontario Inc. 526270 Ontario Inc.	4,822,913.00*	One Year One Year
13.	CLINTWOOD COURT 1974-1982 Victoria Park Avenue	526271 Ontario Inc.	630,245.77	Five Years
14.	IVORDALE 1955 Victoria Park Avenue 2029-2055 Victoria Park Ave.	526272 Ontario Inc.	405,158.91	Five Years
15.	MAISONETTE APTS. 1955-1991 Victoria Park Avenue	526273 Ontario Inc.	740,147	Five Years
16.	AINSLEY COURT 1617 Victoria Park Avenue	526274 Ontario Inc.	437,173.99	Five Years
17.	CRAIGHTON COURT 1 Biggin Court 3 Biggin Court 4 Rannock Street	526450 Ontario Inc.	1,353,730.21	Five Years

PROPERTY NUMBER	PROPERTY NAME & LOCATION	MORTGAGORS	PRINCIPAL AMOUNT OF MORTGAGE	TERM OF MORTGAGE
			* indicates a syndicated mortgage. Amount shown represents Seaway's share only.	
18.	CHARLTON COURT 55 & 56 Ecclestone Drive	526451 Ontario Inc	1,245,929.24	Five Years
19.	DON RIDGE TOWERS 70 Parkwoods Village Drive	526453 Ontario Inc.	1,011,381.15	Five Years
20.	FOREST GROVE 55 & 80 Montclair Avenue	526454 Ontario Inc.	1,934,028.37	Five Years
21.	HUMBER RIDGE 3328 & 3330 Weston Road	526455 Ontario Inc.	1,606,820.26	Five Years
22.	MORNINGSTAR 3420 Morningstar Drive 3425 Morningstar Drive	526456 Ontario Inc.	1,658,533.13	Five Years
23.	ARBOUR GREEN 4111 Arbour Green Drive	526457 Ontario Inc.	2,379,052	Five Years
24.	SIR JOHNS GLEN 3061 Sir John's Homestead	526458 Ontario Inc.	1,550,485	Five Years
25.	MILLWAY VILLAGE 3265 South Millway	526459 Ontario Inc.	2,531,774.00*	One Year
26.	BAY CHARLES 55 Charles Street West	526460 Ontario Inc. 526461 Ontario Inc.	735,657.73	Five Years

<u>SECURITY AGREEMENT - GENERAL</u>

THIS AGREEMENT made by Kilderkin Investments Ltd., and Maysfield Property Management Inc., each being a corporation incorporated under the laws of Ontario (each individually a "Guarantor" and collectively the "Guarantors") in favour of Andrew F. Markle ("Markle") in trust for Seaway Trust Company ("Seaway") a corporation incorporated under the Loan and Trust Corporations Act of Ontario WITNESSETH as follows:

1. <u>Purpose of Agreement</u>

The Guarantors have agreed to guarantee the due payment and discharge of the liabilities of certain companies as set out in, and subject to the conditions of, the Guaranty annexed hereto as Schedule "A".

In order to secure the repayment of any amounts that might be owed under the said Guaranty, the Guarantors are executing this agreement to grant a security interest in all of their assets to Marklet in trust for Seaway.

2. <u>Grant of Security Interest</u>

In order to secure the due and timely payment by the Guarantors to Markle of all amounts now or hereafter owing under the Guaranty or hereunder (the "Obligations"), the Guarantors hereby grant to Markle a continuing collateral security interest in and to:

(a) <u>Inventory</u>

All of the inventory of whatsoever nature and kind and wheresoever situate, now owned or hereafter acquired or

re-acquired by the Guarantors or either of them including, without limitation, lands, merchandise, raw materials, goods and work in process, finished goods and other tangible personal property held for sale, lease or resale (collectively, "Inventory");

(b) Accounts Receivable

All debts, accounts, claims, money and other choses in action which now or at any time hereafter are due or owing to the Guarantors or either of them (including all securities, bills, notes and other documents now held or owned or which may be hereafter taken, held or owned by the Guarantors or either of them or anyone on behalf of the Guarantors or either of them in respect of any of the said accounts or any part thereof) and also all books and papers recording, evidencing or relating to said accounts or any part thereof, (collectively, "Accounts Receivable");

(c) Equipment

All machinery, equipment and other tangible and personal property now owned or hereafter acquired or re-acquired by the Guarantors or either of them and not included in Inventory or Accounts Receivable (collectively, "Equipment");

(d) Intangibles

All intangible personal property now owned or hereafter acquired or re-acquired by the Guarantors or either of

them and not included as Accounts Receivable including, without limitation, all leasehold interests, contractual rights, goodwill, patents, trademarks, copyrights, industrial designs and other industrial or intellectual property or rights therein, under licence or otherwise (collectively, "Intangibles");

(e) Proceeds

All proceeds of loss, insured or not insured, and other proceeds of sale, lease or other disposition of any Inventory, Accounts Receivable, Equipment or Intangibles and proceeds of any such proceeds (collectively, "Proceeds"); and

(f) General

The Guarantors' respective undertaking and all of their property and assets, real and personal, moveable or immoveable of whatsoever nature and kind, both present and future (collectively, "General Security Interest").

All of the foregoing (namely the General Security Interest and the Inventory, Accounts Receivable, Equipment, Intangibles and Proceeds are herein collectively referred to as the "Collateral").

The security interest shall be a general and continuing security interest notwithstanding any dealing by Markle with the Guarantors or either of them or any other person claiming under

or with respect to the Guarantors and/or the Collateral and notwithstanding any other title retention agreement, commercial pledge, right of revendication, security interest or other encumbrance whatsoever (herein collectively called "Encumbrances" or, individually, an "Encumbrance") which may be taken or given from time to time to Markle or to Seaway by the Guarantors or either of them or by any other person guaranteeing or in any other way being responsible for any Obligations.

3. Representations and Warranties

Each of the Guarantors severally represent and warrant that:

(a) Organization in Good Standing

It is a corporation duly incorporated, organized and existing in good standing under the laws of Ontario and of all other jurisdictions in which it carries on business, with full power and authority to own its properties and assets and carry on its business as presently or to be carried on in Ontario and elsewhere including, without limitation, any jurisdiction in which any Collateral may from time to time be located;

(b) Due Authorization et al

It has full power and authority to enter into this agreement, to grant the security interest in the Collateral herein provided and otherwise to perform this agreement in accordance with its terms and all

necessary corporate action of the Guarantor, its directors and/or shareholders has been taken to authorize the execution, delivery and performance of this agreement;

(c) Title to Collateral - Non-conflict

Subject only at the date of execution of this agreement to the rights of existing Encumbrances, it is the legal and beneficial owner of all of the Collateral, free and clear of any Encumbrances whatsoever; none of the authorization, execution, delivery or performance of this security agreement conflicts or will conflict with any term or provision of its constating documents, the by-laws or resolutions of its directors or shareholders or any indenture, instrument or agreement binding upon it or by which its properties or assets are or may become bound, including, without limitation, any lease of premises or other agreement now in effect between it and any supplier to it.

4. Defaults and Remedies

If any of the following events (herein sometimes called "Defaults" or, individually, a "Default") occur, namely:

(a) If any Obligation is not paid when due pursuant to the Guaranty or hereunder, plus such period of grace as is provided in the Guaranty or hereunder;

(b) If any representation, warranty or covenant of either of the Guarantors herein or in the Guaranty shall be or manifestly appear to be false or incorrect in any material respect or lacking any material disclosure so as to make it materially misleading;

(c) If either of the Guarantors shall be in default under any instrument, agreement or security agreement with respect to any indebtedness or other liability of it to any other person including, without limitation, any supplier, if such default has resulted in the acceleration of any such indebtedness or liability and/or the creation of any encumbrance in favour of any such person or the right of the creditor thereunder to realize under any encumbrance on any of the Collateral;

(d) If either of the Guarantors takes any action to go out of business, surrender its charter or sell all or substantially all of its assets;

(e) If either of the Guarantors should be declared or otherwise becomes insolvent under the provisions of the Bankruptcy Act (Canada) or any other comparable statute of Canada or any other relevant jurisdiction with respect to insolvency, or a receiver, manager or receiver and manager or similar official with similar powers is appointed with respect to either of the

Guarantors and/or any of the Collateral and/or other assets of the Guarantor or any material part thereof under any law or pursuant to any evidence of indebtedness or other obligation or security instrument with respect to the Guarantor in question or any of its properties or assets; or

(f) If any of the foregoing Defaults shall occur with respect to any security agreement or instrument or other encumbrance now or hereafter existing for the benefit of Seaway given by any subsidiary or affiliate of the Guarantor, whether a corporate affiliate or a natural person or other entity;

then, in any such event of Default, the security interests created herein shall immediately become enforceable, at the option of Markle, and Markle shall be entitled to realize fully upon the Collateral, in whole or in part, by seizing or taking possession of same by all lawful means and proceeding to sell, liquidate or otherwise dispose of same as it, in its sole discretion, deems expedient, subject always to the provisions of the Personal Property Security Act (Ontario) as the same may be amended from time to time and/or other applicable law.

Without limiting the generality of the foregoing, the Guarantors hereby expressly acknowledges and agrees that Markle shall have the following rights upon Default:

(i) The right to postpone indefinitely the sale of the Collateral or any part thereof and/or to lease or

otherwise operate the same for any reasonable period as, in the sole and absolute discretion of Markle, is necessary in order to recover or attempt to recover the Obligations;

(ii) Upon demand by Markle, the Guarantors will forthwith assemble and deliver to Markle, at their cost and expense and at a place of delivery specified by Markle, all or any part of the Collateral for disposition by Markle; provided, however, that Markle may, at his option, take such steps as he considers necessary or desirable to obtain possession of all or any part of the Collateral and, to that end, the Guarantors agree that Markle may, by his servants or agents, at any time during the day or night enter upon the lands and premises and, if necessary, break into buildings and enclosures wheresoever the Collateral may be found for these purposes;

(iii) Markle may collect, realize upon, borrow money on the security of, release to third parties or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and at such time or times as may seem to him in his sole and absolute discretion advisable and without liability for notice to the Guarantors (except as otherwise required by applicable law) and may charge all reasonable sums and expenses incurred therein to the Guarantors, which

amounts shall bear interest at the highest rate applicable to any Obligation and be deemed secured hereunder;

(iv) At his option, to be notified to the relevant Guarantor in the manner provided by applicable law, Markle may elect to retain all or any part of the Collateral in satisfaction of the Obligations or any part thereof;

(v) Markle may grant extensions of time or other indulgences with respect to Obligations secured hereunder, take or give up securities, accept compositions, grant releases and discharges, release any part of the Collateral to third parties and otherwise deal with the Guarantors or either of them and debtors of the Guarantors pursuant to Accounts Receivable as Markle sees fit without prejudice to the liability of the Guarantors hereunder and Markle's rights hereunder;

(vi) All monies collected or received by Markle in realization upon the Collateral may be applied on account of such of the Obligations as Markle deems best and/or may be held unappropriated in a collateral account or otherwise as Markle at his discretion deems appropriate;

(vii) To facilitate the realization upon the Collateral, Markle may carry on or concur in the carrying on of all or any part of the business of each of the Guarantors

and may, to the exclusion of others, including the relevant Guarantor, enter upon and occupy lands, premises, plant and undertaking of or occupied by the Guarantor, including those leased from third parties, and use all or any of the inventory, tools, machinery and Equipment of the Guarantor for such purposes and/or to manufacture or complete the manufacture and/or sale of the Collateral or any part thereof, all without being liable for any neglect in so doing or in respect of any rent, charges, depreciation or damages in connection with such actions, gross negligence and willful misconduct of Markle only excepted;

(viii) Markle may, if he deems it desirable, pay off and discharge any Encumbrance on the Collateral or any part thereof and any amount so paid, together with all costs, charges and expenses incurred in connection therewith, shall be added to the Obligations, shall bear interest at the highest rate applicable to any Obligation and shall be deemed secured hereunder;

(ix) The Guarantors expressly acknowledge and agree that, for the purpose of interpreting Markle's rights hereunder pursuant to the Personal Property Security Act (Ontario), the provisions of this security agreement and, in particular, Markle's rights upon Default herein set out, are both commercially reasonable and not manifestly unreasonable in the circumstances.

Markle shall not give notification to any debtor of either of the Guarantors prior to any Default without the relevant Guarantor's prior written consent.

Notwithstanding any other provision contained in this agreement, whenever any Default shall occur hereunder (other than a Default pursuant to paragraph 4 (c) hereunder), then prior to the security interests created herein becoming enforceable generally, any interest which has accrued on any deposit made by Kilderkin with Seaway, which is then part of the Collateral, shall first be applied on account of Guaranty and, if such interest is not sufficient, then the principal of any such deposit shall be applied on account of the Guaranty and only then shall the security interests created herein become enforceable generally.

5. <u>Guarantors' Rights to Deal with Collateral</u>

Prior to Default, the Guarantors in the ordinary course of business, shall have the right to deal with all items of Inventory as they severally see fit, provided that any accounts receivable on account thereof shall automatically be Accounts Receivable secured hereby. The Guarantors acknowledge and agree that amounts received on disposition of Collateral after Default shall, without the necessity for any notice or declaration of Default or other action by Markle, be deemed to be received in trust for Markle and shall be applied to discharge the Obligations secured hereby according to the terms hereof.

6. Miscellaneous

(a) Notice

Any notice required or permitted hereunder shall be in writing and shall be sent by prepaid registered mail, or by telex or telecopier followed immediately by letter, and shall conclusively be deemed to have been received three business days after the postmarked date or on the business day following transmission, if telexed or telecopied.

(b) Assigns

This agreement shall be binding upon the parties and their respective successors. This agreement shall not be assignable by Markle without the written consent of both of the Guarantors.

(c) Applicable Law

This agreement shall be deemed to be an agreement made under and shall be construed, performed and enforced in accordance with the laws of the Province of Ontario.

(d) Discharge

Prior to default under the Guaranty or hereunder, Markle, at the Guarantors' request and expense, shall execute and deliver all necessary releases and discharges of the security interests hereunder to permit the Guarantor to deal with the Collateral in the ordinary couse of their respective businesses. Except

as aforesaid or otherwise provided in the Guaranty or hereunder, no event other than full performance of all Obligations shall constitute a legal or equitable discharge, in whole or in part, of any security interest created hereby.

(e) Covenant to Insure

The Guarantors hereby agree to insure and keep insured with insurers acceptable to Markle all Inventory against such risks of loss by fire and all other casualties as Markle may reasonably require, to full insurable value and the relevant Guarantor will pay all the premiums in connection therewith and will assign, by appropriate mortgage clause and endorsement or otherwise, the benefit of all such policies to Markle, as his interests may appear, and provide satisfactory evidence of said assignments to Markle. In the event that the Guarantor should fail to take out and/or maintain such insurance, Markle may do so and charge the premiums therefor to the Guarantor, whereupon Markle's costs thereof will bear interest at the highest rate applicable to any Obligation and shall be deemed secured hereunder.

(f) Further Assurances

The Guarantors will from time to time, at the request of Markle but at their own expense, make and do all

such acts and things and execute and deliver all such financing statements, further assignments, security agreements and other documents as may be necessary or desirable and/or recommended by legal counsel to Markle with respect to this security agreement or the Collateral to perfect and preserve the security interests herein and the Guarantors hereby expressly constitute and appoint Markle to do all such acts and things, with full power of substitution in the premises, and agree to ratify all acts of said attorney lawfully done in the premises.

(g) Receiver Powers

In addition to the rights of Markle upon Default set out herein, the Guarantors hereby, as a separate and express agreement (not intended by the parties to be subject to limitations of the Personal Property Security Act (Ontario)), authorize Markle to appoint, by instrument in writing, a receiver or manager or receiver and manager of all or any part of the Collateral and/or business of either or both of the Guarantors and to remove or replace such official as Markle from time to time deems fit, such official to possess all powers of Markle with respect to collection of Obligations and/or management of the business of the relevant Guarantor as if it were the duly appointed

general attorney of the said Guarantor, with full power of substitution, limited only under general law applicable to receivers and managers, until discharge in full of all Obligations. The Guarantors acknowledge and agree that such official shall be, as regards liability for his actions, the agent the Guarantor with respect to which its appointment relates and not the agent of Markle.

7. It is agreed that Markle shall be under no personal liability whatsoever to anyone by reason of the execution and delivery hereof or anything done or omitted to be done by him hereunder or in any way in consequence hereof, both before and after default, and shall be under no obligations or liabilities whatsoever unless indemnified and otherwise protected to his satisfaction by Seaway.

This Security Agreement shall be enforceable against Kilderkin Investments Ltd. upon execution and delivery by it notwithstanding that Maysfield Property Management Inc. has not executed and delivered this Security Agreement.

The Guarantor acknowledges receipt of an executed copy of this security agreement.

IN WITNESS WHEREOF the Guarantor has executed this agreement this 17th day of January, 1983.

KILDERKIN INVESTMENTS LTD.

Per: ______________________________
Authorized Signing Officer

MAYSFIELD PROPERTY MANAGEMENT INC.

Per: ______________________________
Authorized Signing Officer

Per: ______________________________
Authorized Signing Officer

SCHEDULE "A"

GUARANTY

TO: ANDREW F. MARKLE ("Markle") in trust for
SEAWAY TRUST COMPANY ("Seaway")

WHEREAS pursuant to the provisions of a number of mortgages (the "Mortgages") made the 5th day of November, 1982 between the companies set out in Schedule "A" hereto as mortgagors (the "Companies"), and Seaway, Seaway agreed to advance to the Companies various loans (the "Loans") as more particularly set forth in Schedule "A" hereto.

NOW THEREFORE IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed as follows:

1. The undersigned hereby, jointly and severally, covenant, undertake and agree with Markle that if all liabilities of the Companies to Seaway howsoever incurred relating to the Loans including, without limitation, payment of the principal amount thereof and any accrued and unpaid interest thereon (including interest on overdue interest) (the "Liabilities") are not paid when due then the undersigned will pay any due and unpaid Liabilities up to, but not in excess of $15,000,000 in Canadian funds to Markle in trust for Seaway together with interest at the rate payable by the Companies under the Mortgages accruing from the date of demand by Markle on the undersigned.

2. This Guaranty shall be a continuing guaranty and shall be operative and binding notwithstanding any change in the name, business, directorate, powers, objects, organization or management of the Companies, it being understood that this Guaranty shall continue in full force and effect notwithstanding any reorganization of any or all of the Companies or the amalgamation of any or all of the Companies with another or others or the sale or disposal of the business of any or all of the Companies, whether in whole or in part, to another or others.

3. The taking from time to time of further or other security or securities for the Liabilities or any part thereof and/or the release, discharge, abandonment or other dealing with or failure to deal with the undersigned or others or any such security or securities or any part thereof or with any security (or any part thereof) now held shall not in any way release or discharge the undersigned from this Guaranty. Without limiting the generality of the foregoing or of Section 4 hereof it is understood that Seaway or Markle, as the case may be, may, without exonerating the undersigned, give up or modify or abstain from perfecting or taking advantage of any security or securities and accept or make any compositions or arrangements and realize any security or securities when and in such manner and with or without notice as Seaway and Markle may deem expedient. Neither Seaway nor Markle nor any of Seaway's directors, officers, employees or agents shall be responsible in negligence for any act

taken or omitted to be taken by Seaway or Markle or any of them hereunder or in connection herewith.

4. Seaway shall have the right to grant to any or all of the Companies or to any person or persons liable to Seaway for the Liabilities or any part thereof time for payment or any other indulgence and may compound with all or any of such persons as Seaway and Markle shall see fit, all without in any way prejudicing or affecting any of Markle's rights hereunder.

5. All right to question in any way any present or future method of dealing with any or all of the Companies or any dealing with any person or persons now or hereafter liable for the Liabilities or any part thereof or with any securities now or hereafter held by Seaway or with any goods or property covered by such securities or any of them is hereby waived, provided any and all such dealings have been authorized and approved by Markle. The undersigned hereby renounces all benefits of discussion and division. The undersigned shall not be entitled to require that Seaway or Markle, as the case may be, have exhausted recourse against any or all of the Companies or the security or securities held nor to value same before Markle is entitled to payment from the undersigned and to enforce any security held with respect to this Guaranty.

6. Upon the bankruptcy or winding up or other distribution of assets of any or all of the Companies or any surety or guarantor for any indebtedness of any or all of the Companies to Seaway, Markle's rights shall not be affected or impaired by Seaway's omission to prove its claim or to prove its full claim and Seaway may prove such claim as it sees fit and may refrain from proving any claim and in Seaway's sole discretion it may value as it sees fit or refrain from valuing any security or securities held by it without in any way releasing, reducing or otherwise affecting the obligations of the undersigned, provided all that which is done or not done is authorized or approved by Markle, and until the Liabilities have been fully paid, Seaway shall have the right to include in its claim the amount of all sums paid by the undersigned to Markle hereunder and to prove and rank for and receive dividends in respect of any such claim.

7. No delay on Markle's part in the exercise of any right or remedy shall operate as a waiver thereof and no single or partial exercise by Markle of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy. No action of Markle permitted hereunder shall in any way impair or affect this Guaranty.

8. The undersigneds' obligations hereunder to Markle shall not be that merely of sureties and, without limiting the generality of the foregoing, all acts and things done or omitted to be

done by Seaway and authorized as approved by Markle that might otherwise release the undersigned from payment on account of the Liabilities shall not impair, reduce or otherwise affect the enforceability of this Guaranty, and the undersigned's liability hereunder.

9. It is a condition precedent to this Guaranty being enforceable that Markle beneficially own, directly or indirectly, sufficient shares of Seaway Trust Company to elect a majority of directors of Seaway and that Markle have supervision, direction and control over the day-to-day business affairs of Seaway.

This Guaranty shall terminate upon the rental income derived from the properties subject to the Mortgages exceeding all expenses attributable to the said properties.

10. Any notice or demand to be given may be served on the person to be served or, if on a company, on an officer of the company receiving notice, or by sending the same by registered mail in an envelope addressed to the last known place of address of the person or company to be served and the notice so sent shall be deemed to be served on the third business day following that on which it is mailed.

11. Notwithstanding any other provision contained herein, if Markle is entitled to exercise his rights under this Guaranty

he shall give notice to the undersigned giving details of the reason for such entitlement and a period of 35 days within which to remedy the reason. If same is not remedied within such period then Markle may exercise his rights hereunder.

12. It is agreed that Markle shall be under no personal liability whatsoever to anyone by reason of the execution and delivery hereof or anything done or omitted to be done by him hereunder or in any way in consequence hereof, both before and after default, and shall be under no obligations or liabilities whatsoever unless indemnified and otherwise protected to his satisfaction.

13. This Guaranty is made pursuant to the laws of the Province of Ontario, Canada and shall be construed, interpreted and enforced in accordance therewith.

This Guaranty shall be enforceable against Kilderkin Investments Ltd. upon execution and delivery by it notwithstanding that Maysfield Property Management Inc. has not executed and delivered this Guaranty.

DATED the 17th day of January, 1983.

MAYSFIELD PROPERTY MANAGEMENT INC.

Per: ______________________
Authorized Signing Officer

c/s

Per: ______________________
Authorized Signing Officer

KILDERKIN INVESTMENTS LTD.

Per: ______________________ c/s
Authorized Signing Officer

** Mortgage funds provided by Seaway

SCHEDULE "A"

PROPERTY NUMBER	PROPERTY	MORTGAGORS	PRINCIPAL AMOUNT OF MORTGAGE	TERM OF MORTGAGE
1.	PARKWAY FOREST 25 Parkway Forest Drive 32-50 Forest Manor Road 65 Forest Manor Road 80 Forest Manor Road 100 Parkway Forest Drive 110 Parkway Forest 120 George Henry Blvd. 125 Parkway Forest 130 George Henry Blvd.	526001 Ontario Inc. 526002 Ontario Inc. 526003 Ontario Inc. 526004 Ontario Inc. 526005 Ontario Inc. 526006 Ontario Inc.	* indicates a syndicated mortgage. Amount shown represents Seaway's share only. 5,775,450.00*	One Year
2.	HORIZON HOUSE 7 & 9 Roanoke Road	526007 Ontario Inc.	2,733,672.32	Two Years
3. **	HORIZON VILLAGE 56-88 Cassandra Boulevard	-	-	-
4.	SUMMIT PLACE 1441 Lawrence Avenue East	526009 Ontario Inc.	3,117,275.46	Two Years
5.	THE TOWNE 77 St. Clair Avenue East	526010 Ontario Inc. 526011 Ontario Inc.	3,128,810.24	Two Years
6.	BRETTON PLACE 44 Jackes Avenue 33 Rosehill Avenue	526012 Ontario Inc. 526013 Ontario Inc. 526014 Ontario Inc.	5,055,127.00*	One Year
7.	ROSEDALE EAST 50-70 Cambridge Avenue	526015 Ontario Inc. 526016 Ontario Inc.	8,201,624.24	One Year
8.	HAMPTON HOUSE 299 Roehampton Avenue 322 Eglinton Avenue East 42-50 Rawlinson Avenue	526017 Ontario Inc. 526018 Ontario Inc.	7,962,033.74	One Year
9.	PARK PLACE 35 High Park Avenue 41-63 High Park Avenue 65 High Park Avenue 66 Oakmount Road 66 Pacific Avenue 95 High Park Avenue 102-111-116 Pacific Ave. 255 Glenlake Road 299 Glenlake Road	526019 Ontario Inc. 526020 Ontario Inc. 526021 Ontario Inc. 526022 Ontario Inc. 526023 Ontario Inc. 526024 Ontario Inc.	5,930,749.00*	One Year

PROPERTY NUMBER	PROPERTY NAME & LOCATION	MORTGAGORS	PRINCIPAL AMOUNT OF MORTGAGE	TERM OF MORTGAGE
			* indicates a syndicated mortgage. Amount shown represents Seaway's share only.	
10.	GRENADIER SQUARE 40 High Park Avenue 51 High Park Avenue 51 Quebec Avenue 52 High Park Avenue 65 Quebec Avenue 66 High Park Avenue 77 Quebec Avenue	526025 Ontario Inc. 526026 Ontario Inc.	7,333,259.29	One Year
11.	ROSEBURY SQUARE 111 Ridelle Avenue 140 Elm Ridge Drive 141 Lyon Court 145 Marlee Avenue 377 Ridelle Avenue	526262 Ontario Inc. 526263 Ontario Inc. 526264 Ontario Inc. 526265 Ontario Inc.	5,037,869.00*	One Year
12.	UNIVERSITY CITY 1 Fountainhead Road 35 Fountainhead Road 40 Fountainhead Road 453 Sentinel Road 470 Sentinel Road	526266 Ontario Inc. 526267 Ontario Inc. 526268 Ontario Inc. 526269 Ontario Inc. 526270 Ontario Inc.	4,822,913.00*	One Year One Year
13.	CLINTWOOD COURT 1974-1982 Victoria Park Avenue	526271 Ontario Inc.	630,245.77	Five Years
14.	IVORDALE 1955 Victoria Park Avenue 2029-2055 Victoria Park Ave.	526272 Ontario Inc.	405,158.91	Five Years
15.	MAISONETTE APTS. 1955-1991 Victoria Park Avenue	526273 Ontario Inc.	740,147	Five Years
16.	AINSLEY COURT 1617 Victoria Park Avenue	526274 Ontario Inc.	437,173.99	Five Years
17.	CRAIGHTON COURT 1 Biggin Court 3 Biggin Court 4 Rannock Street	526450 Ontario Inc.	1,353,730.21	Five Years

Opinion of Fasken & Calvin
to Seaway Trust dated
December 24, 1982

ken & Calvin

30th Floor
Toronto-Dominion Bank Tower

Box 30
Toronto-Dominion Centre
Toronto, Canada, M5K 1C1

Telephone 366-8381
Area Code 416
Telex 06-217765
Telecopier 364-7813

December 24, 1982

Seaway Trust Company
2255 Sheppard Avenue East
Suite A125
Willowdale, Ontario
M2J 4Y1

Attention: Andrew F. Markle,
President

Dear Sirs:

Re: Mortgage Loans

You have sought our opinion as to whether certain mortgage loans made by Seaway Trust Company ("Seaway") in connection with the purchase of a number of rental apartment buildings in the Toronto area (the "Properties") comply with the applicable provisions of the Loan and Trust Corporations Act (Ontario) (the "Act").

We are advised by you that the Properties were purchased for an aggregate purchase price of $500,000,000. You have furthermore advised us that the appraised value of the Properties, as determined by H.J. Moehring and

Associates, R. Hilton and Associates, and Johnston/LeBar and Associates, is in excess of $515,900,000.

The location of, and purchase price paid for, each of the Properties, and the principal amounts of the mortgages thereon, as represented to us by you, are set out in Schedule "A" to this opinion.

The principal amounts and term of the mortgage loans made by Seaway (the "Mortgages") and the names of the mortgagors under such Mortgages (the "Mortgagors"), as represented to us by you are set out in Schedule "B" to this opinion.

Messrs. Kitamura, Yates, Margolis, Mastin and Champagne have advised us that (i) all of the issued shares of the 50 Mortgagors are held by 50 separately constituted trusts (the "Trusts"); (ii) no Trust holds shares in more than one Mortgagor; (iii) none of the Mortgagors are beneficiaries under any of the Trusts; and (iv) no person or entity holds a beneficial interest in more than one Trust such that any of the Mortgagors would be associated within the meaning of the Income Tax Act (Canada).

You have, in addition, provided us with the following financial information with respect to Seaway as at

the time of the making of the Mortgages:

(1)	Paid in capital stock and reserve funds;	$ 38,883,012
(2)	Moneys received as deposits and for guaranteed investment;	$244,870,000

Based and relying upon the foregoing, we are of the view, subject as hereinafter provided, that the Mortgages are permitted investments for Seaway within the meaning of sub-sections 181(4)(b) and 185(1)(a)(ii) and (iii) of the Act. In reaching the foregoing conclusion, we have treated the Mortgages on Properties 1 and 9 as one year mortgages notwithstanding the fact that the Mortgagors of these Properties have the right to extend the Mortgages in question for a further three years upon sixty days notice to Seaway. We are of the view however that any such renewal of the aforementioned Mortgages by Seaway alone would not be permitted under the Act at this time without a further increase in its paid in capital stock and reserve funds.

As you are aware, certain draft lending guidelines for trust and loan companies have been prepared by the Canada Deposit Insurance Corporation. These guidelines have not been promulgated as regulations to the Canada Deposit Insurance Corporation Act and, as such, are of no force or effect in law. It is furthermore our understanding, based on discussions with you, that these guidelines are not

applied by the Department of Insurance (Ontario). Accordingly, those draft guidelines are extraneous to the views expressed herein and we do not propose to render any opinion on them.

Yours very truly,

FASKEN & CALVIN

Robert W. McDowell

[redacted]

SCHEDULE "A"

[redacted] provided by Seaway Trust Company. (See Schedule "B")

PROPERTY NUMBER	PROPERTY NAME & LOCATION	PURCHASE PRICE	75% OF PURCHASE PRICE	TOTAL MORTGAGE	FIRST MORTGAGE	SECOND MORTGAGE	THIRD MORTGAGE
1.	PARKWAY FOREST 25 Parkway Forest Dr. 100 Parkway Forest Dr. 110 Parkway Forest Dr. 125 Parkway Forest Dr. 32-50 Forest Manor Dr. 65 Forest Manor Dr. 80 Forest Manor Dr. 120 George Henry Blvd. 130 George Henry Blvd.	$80,721,200	$60,540,900	$60,540,897	$19,831,741.68	$16,800,000	$23,909,156.32 (5,775,450.00)*
2.	HORIZON HOUSE 7 & 9 Roanoke Road	8,204,659	6,153,494	6,153,494	869,821.68	2,550,000	2,733,672.32
3. **	HORIZON VILLAGE 58-86 Cassandra Boulevard	11,502,300	8,626,725	-	-	-	-
4.	SUMMIT PLACE 1441 Lawrence Avenue East	9,619,250	7,214,438	7,214,437	1,597,161.54	2,500,000	3,117,275.46
5.	THE TOWNE 77 St. Clair Avenue East	20,188,042	15,141,031	15,141,031	2,512,220.76	9,500,000	3,128,810.24
6.	BRETTON PLACE 44 Jackes Avenue 33 Rosehill Avenue	34,407,977	25,805,982	25,805,982	4,949,988.36	7,100,000	13,755,993.64 (5,055,127.00)*
7.	ROSEDALE EAST 50-70 Cambridge Avenue	23,117,809	17,338,356	17,338,356	4,836,731.76	4,300,000	8,201,624.24
8.	HAMPTON HOUSE 299 Roehampton Avenue 322 Eglinton Ave. E. 42-50 Rawlinson Ave.	20,676,982	15,507,736	15,507,736	4,145,702.26	3,400,000	7,962,033.74
9.	PARK PLACE 35 High Park Avenue 41-63 High Park Avenue 65 High Park Avenue 95 High Park Avenue 66 Oakmount Road 66 Pacific Avenue 102 Pacific Avenue 111 Pacific Avenue 116 Pacific Avenue 255 Glenlake Road 299 Glenlake Road	83,261,505	62,446,128	62,446,128	21,740,503.20	13,000,000	27,705,624.80 (5,930,749.00)*

[redacted] hule [redacted] Cont'd [redacted] - 2 - [redacted] *([redacted] s in [redacted] ket.) represent portion of mortgage provided by Seaway Trust Company. (See Schedule "B")

PROPERTY NUMBER	PROPERTY NAME & LOCATION	PURCHASE PRICE	75% OF PURCHASE PRICE	TOTAL MORTGAGE	FIRST MORTGAGE	SECOND MORTGAGE	THIRD MORTGAGE
10.	GRENADIER SQUARE 40 High Park Avenue 51 High Park Avenue 52 High Park Avenue 66 High Park Avenue 51 Quebec Avenue 65 Quebec Avenue 77 Quebec Avenue	27,094,477	20,320,857	20,320,858	6,687,598.71	6,300,000	7,333,259.29
11.	ROSEBURY SQUARE 140 Elm Ridge Drive 111 Ridelle Avenue 377 Ridelle Avenue 141 Lyon Court 145 Marlee Avenue	$46,448.070	$34,836,052	$34,836,051	$12,638,437.21	$ 5,000,000	$17,197,613.79 (5,037,869.00)*
12.	UNIVERSITY CITY 1 Fountainhead Road 35 Fountainhead Road 40 Fountainhead Road 453 Sentinel Road 470 Sentinel Road	63,496,368	47,622,276	47,622,276	19,887,015.48	13,600,000	14,135,260.52 (4,922,913.00)*
13.	CLINTWOOD COURT 1974-1982 Victoria Park Avenue	2,603,999	1,952,999	1,952,999	172,753.23	1,150,000	630,245.77
14.	IVORDALE 1955-2029-2055 Victoria Park Avenue	2,225,707	1,669,280	1,669,280	14,121.09	1,250,000	405,158.91
15.	MAISONETTE APTS. 1955-1991 Victoria Park Avenue	3,453,530	2,590,148	2,590,147		1,850,000	740,147.00
16.	AINSLEY COURT 1617 Victoria Park Avenue	1,612,867	1,209,650	1,209,650	22,476.01	750,000	437,173.99
17.	CRAIGHTON COURT 4 Rannock Street 1 Biggin Court 3 Biggin Court	4,097,345	3,073,009	3,073,008	19,277.79	1,700,000	1,353,730.21

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Seaway Trust Company. (See Schedule "B")

PROPERTY NUMBER	PROPERTY NAME & LOCATION	PURCHASE PRICE	75% OF PURCHASE PRICE	TOTAL MORTGAGE	FIRST MORTGAGE	SECOND MORTGAGE	THIRD MORTGAGE
18.	CHARLTON COURT 55 Ecclestone Drive 56 Ecclestone Drive	3,823,280	2,867,460	2,867,459	121,529.76	1,500,000	1,245,929.24
19.	DON RIDGE TOWERS 70 Parkwoods Village Dr.	2,393,772	1,795,329	1,795,329	183,947.85	600,000	1,011,381.15
20.	FOREST GROVE 55 Montclair Avenue 80 Montclair Avenue	5,254,203	3,940,652	3,940,661	506,632.63	1,500,000	1,934,028.37
21.	HUMBER RIDGE 3328 & 3330 Weston Rd.	3,829,402	2,872,052	2,872,052	1,265,231.74		1,606,820.26
22.	MORNINGSTAR 3420 Morningstar Dr. 3425 Morningstar Dr.	$ 6,494,164	$ 4,870,623	$ 4,870,623	$3,212,089.87	-	$1,658,533.13
23.	ARBOUR GREEN 4111 Arbour Green Dr.	5,705,403	4,279,052	4,279,052	-	$1,900,000	2,379,052.00
24.	SIR JOHNS GLEN 3061 Sir John's Homestead	4,867,314	3,650,486	3,650,485	-	2,100,000	1,550,485.00
25.	MILLWAY VILLAGE 3265 South Millway	9,849.599	7,387,199	7,387,199	-	3,652,431.10	3,734,767.90 (2,531,774.00)*
26.	BAY CHARLES 55 Charles Street W.	15,050,776	11,288,082	11,288,082	9,102,424.27	1,450,000	735,657.73

* [redacted] mor[redacted]e f[redacted]
provided by Seaway

SCHEDULE "B"

PROPERTY NUMBER	PROPERTY	MORTGAGORS	PRINCIPAL AMOUNT OF MORTGAGE	TERM OF MORTGAGE
1.	PARKWAY FOREST 25 Parkway Forest Drive 32-50 Forest Manor Road 65 Forest Manor Road 80 Forest Manor Road 100 Parkway Forest Drive 110 Parkway Forest 120 George Henry Blvd. 125 Parkway Forest 130 George Henry Blvd.	526001 Ontario Inc. 526002 Ontario Inc. 526003 Ontario Inc. 526004 Ontario Inc. 526005 Ontario Inc. 526006 Ontario Inc.	* indicates a syndicated mortgage. Amount shown represents Seaway's share only. 5,775,450.00*	One Year
2.	HORIZON HOUSE 7 & 9 Roanoke Road	526007 Ontario Inc.	2,733,672.32	Two Years
3. **	HORIZON VILLAGE 56-88 Cassandra Boulevard	-	-	-
4.	SUMMIT PLACE 1441 Lawrence Avenue East	526009 Ontario Inc.	3,117,275.46	Two Years
5.	THE TOWNE 77 St. Clair Avenue East	526010 Ontario Inc. 526011 Ontario Inc.	3,128,810.24	Two Years
6.	BRETTON PLACE 44 Jackes Avenue 33 Rosehill Avenue	526012 Ontario Inc. 526013 Ontario Inc. 526014 Ontario Inc.	5,055,127.00*	One Year
7.	ROSEDALE EAST 50-70 Cambridge Avenue	526015 Ontario Inc. 526016 Ontario Inc.	8,201,624.24	One Year
8.	HAMPTON HOUSE 299 Roehampton Avenue 322 Eglinton Avenue East 42-50 Rawlinson Avenue	526017 Ontario Inc. 526018 Ontario Inc.	7,962,033.74	One Year
9.	PARK PLACE 35 High Park Avenue 41-63 High Park Avenue 65 High Park Avenue 66 Oakmount Road 66 Pacific Avenue 95 High Park Avenue 102-111-116 Pacific Ave. 255 Glenlake Road 299 Glenlake Road	526019 Ontario Inc. 526020 Ontario Inc. 526021 Ontario Inc. 526022 Ontario Inc. 526023 Ontario Inc. 526024 Ontario Inc.	5,930,749.00*	One Year

PROPERTY NUMBER	PROPERTY NAME & LOCATION	MORTGAGORS	PRINCIPAL AMOUNT OF MORTGAGE	TERM OF MORTGAGE
			* indicates a syndicated mortgage. Amount shown represents Seaway's share only.	
10.	GRENADIER SQUARE 40 High Park Avenue 51 High Park Avenue 51 Quebec Avenue 52 High Park Avenue 65 Quebec Avenue 66 High Park Avenue 77 Quebec Avenue	526025 Ontario Inc. 526026 Ontario Inc.	7,333,259.29	One Year
11.	ROSEBURY SQUARE 111 Ridelle Avenue 140 Elm Ridge Drive 141 Lyon Court 145 Marlee Avenue 377 Ridelle Avenue	526262 Ontario Inc. 526263 Ontario Inc. 526264 Ontario Inc. 526265 Ontario Inc.	5,037,869.00*	One Year
12.	UNIVERSITY CITY 1 Fountainhead Road 35 Fountainhead Road 40 Fountainhead Road 453 Sentinel Road 470 Sentinel Road	526266 Ontario Inc. 526267 Ontario Inc. 526268 Ontario Inc. 526269 Ontario Inc. 526270 Ontario Inc.	4,822,913.00*	One Year One Year
13.	CLINTWOOD COURT 1974-1982 Victoria Park Avenue	526271 Ontario Inc.	630,245.77	Five Years
14.	IVORDALE 1955 Victoria Park Avenue 2029-2055 Victoria Park Ave.	526272 Ontario Inc.	405,158.91	Five Years
15.	MAISONETTE APTS. 1955-1991 Victoria Park Avenue	526273 Ontario Inc.	740,147	Five Years
16.	AINSLEY COURT 1617 Victoria Park Avenue	526274 Ontario Inc.	437,173.99	Five Years
17.	CRAIGHTON COURT 1 Biggin Court 3 Biggin Court 4 Rannock Street	526450 Ontario Inc.	1,353,730.21	Five Years

PROPERTY NUMBER	PROPERTY NAME & LOCATION	MORTGAGORS	PRINCIPAL AMOUNT OF MORTGAGE	TERM OF MORTGAGE
			* indicates a syndicated mortgage. Amount shown represents Seaway's share only.	
18.	CHARLTON COURT 55 & 56 Ecclestone Drive	526451 Ontario Inc.	1,245,929.24	Five Years
19.	DON RIDGE TOWERS 70 Parkwoods Village Drive	526453 Ontario Inc.	1,011,381.15	Five Years
20.	FOREST GROVE 55 & 80 Montclair Avenue	526454 Ontario Inc.	1,934,028.37	Five Years
21.	HUMBER RIDGE 3328 & 3330 Weston Road	526455 Ontario Inc.	1,606,820.26	Five Years
22.	MORNINGSTAR 3420 Morningstar Drive 3425 Morningstar Drive	526456 Ontario Inc.	1,658,533.13	Five Years
23.	ARBOUR GREEN 4111 Arbour Green Drive	526457 Ontario Inc.	2,379,052	Five Years
24.	SIR JOHNS GLEN 3061 Sir John's Homestead	526458 Ontario Inc.	1,550,485	Five Years
25.	MILLWAY VILLAGE 3265 South Millway	526459 Ontario Inc.	2,531,774.00*	One Year
26.	BAY CHARLES 55 Charles Street West	526460 Ontario Inc. 526461 Ontario Inc.	735,657.73	Five Years

Interim appraisal report
dated October 25, 1982
re The Towne property

J. MOEHRING & ASSOCIATES

HJM

223 CARLTON STREET
TORONTO, ONTARIO M5A 2L2
TELEPHONE: (416) 922-7548

October 25, 1982

Seaway Trust Company,
Suite A 110,
2255 Sheppard Avenue East,
Scarborough, Ontario.

Attention: Mr. Jim Walton, Manager

Dear Sir:

Re: Valuation of the Cadillac The Towne and Towne Mall Project

Pursuant to your request for a preliminary value estimate of the aforesaid property, we have inspected the property and formed a preliminary opinion as to the market value of this property.

Due to time constraints, we had to rely on certain assumptions as to the physical aspects of the property, its financial operation, the proposed head lease, current market data, such as yield rates, etc., all of which are subject to further analysis in accordance with our appraisal project assignment.

In our opinion, the market value of the aforesaid property, as of October 25th, 1982, is . . .

TWENTY MILLION EIGHT HUNDRED AND THIRTY THOUSAND DOLLARS
($ 20,830,000.00)

A comprehensive appraisal report will be delivered to you as soon as it is completed.

Respectfully submitted,
H.J. MOEHRING & ASSOCIATES
on behalf of
R. HILTON AND ASSOCIATES
and
JOHNSTON/LeBAR & ASSOCIATES

Hans J. Moehring, BA, AACI, FRI

HJMbm

Final appraisal report
dated November 5, 1982
re The Towne property

COOPERATIVE APPRAISAL PROJECT
OF THE
CADILLAC FAIRVIEW PROPERTIES

THE TOWNE PROJECT
CITY OF TORONTO

H.J. MOEHRING & ASSOCIATES
R. HILTON AND ASSOCIATES LIMITED
JOHNSTON/LeBAR AND ASSOCIATES

COOPERATIVE APPRAISAL PROJECT
OF THE
CADILLAC FAIRVIEW PROPERTIES

THE TOWNE REPORT
CITY OF TORONTO

prepared for
SEAWAY TRUST COMPANY
SUITE A 110
2255 SHEPPARD AVENUE EAST
WILLOWDALE, ONTARIO

prepared by
H. J. MOEHRING & ASSOCIATES
R. HILTON AND ASSOCIATES LIMITED
JOHNSTON/LeBAR AND ASSOCIATES

RH - HJM - JL

CO-OPERATIVE APPRAISAL PROJECT
c/o H.J. MOEHRING & ASSOCIATES
223 CARLTON STREET
TORONTO M5A 2L2 CANADA

November 5, 1982

Seaway Trust Company
2265 Sheppard Avenue East
Willowdale, Ontario

Attention: Mr. Jim Walton

Dear Sir:

Cooperative Appraisal Report of the Cadillac Fairview Properties
The Towne Project, City of Toronto

In accordance with your request for an appraisal of the Cadillac Fairview The Towne property, we have co-operated in preparing this report.

The report describes the methods and approach to value employed and contains some of the data gathered in our investigations.

In our opinion, the market value, that is the present worth of all future rights and benefits, which accrue to typical investors or persons, through long term ownership of the real property, as of November 5th, 1982, is . . .

TWENTY MILLION EIGHT HUNDRED AND THIRTY THOUSAND DOLLARS
($ 20,830,000.00)

Respectfully submitted,
H.J. MOEHRING & ASSOCIATES

Hans J. Moehring, BA, AACI, FRI

R. HILTON AND ASSOCIATES

R. Hilton, AACI, SRPA, SR/WA

JOHNSTON LeBAR AND ASSOCIATES

Lorne F. LeBar, AACI

TABLE OF CONTENTS

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

This appraisal applies as of November 5th, 1982.

Property:	Cadillac Fairview The Towne Property
Address:	77 St. Clair Avenue East, Toronto, Ontario
Head Lease:	10 years providing for annual base payments of $ 1,874,879 with increases in the fourth year at the rate of 1% per annum.
Site Area:	1.45 acres
Zoning:	C1S L5 Z4
1982 Realty Taxes:	$ 502,327.95
Gross Floor Area:	Residential: 232,660 sq.ft. Commercial 73,167 sq.ft.
Dwelling Units:	184 Units
Estimated Overall Capitalization Rate:	Nine Per Cent (9%)
Market Value Estimate:	$ 20,830,000.00.

THIS APPRAISAL IS SUBJECT TO THE

FOLLOWING LIMITING CONDITIONS

The legal description and property information furnished us are deemed to be correct. We assume no responsibility for matters legal in character nor do we render any opinion as to the title which is assumed to be good. Unless indicated otherwise, all existing liens and encumbrances have been disregarded and the property is appraised as though free and clear under responsible ownership and competent management.

Sketches in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.

The information contained in this report and identified as being furnished by others is believed to be reliable, but no responsibility for its accuracy is assumed.

Possession of this report or any copy thereof does not carry with it the rights of publication, nor may it be used for any purpose by anyone but the applicant, without the written consent of the appraisers or the applicant, and in any event, only with proper qualifications.

We are not required to give testimony or attendance in Court or any hearing, by reason of this appraisal, with reference to the Property in question, unless arrangements have previously been made therefore, such arrangement to be in writing.

The distribution of the total valuation in the report between land and improvements applies only under the existing programme of utilization. The separate valuation of land and building must not be used in conjunction with any other appraisal and is invalid if so used.

Unless otherwise noted, all value estimates are in Canadian currency.

INTRODUCTION

AND

APPROACH TO VALUE

PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate the market value of the within described investment property as of . . .

NOVEMBER 5TH, 1982

It is our understanding that this appraisal is required for financing and/or investment purposes.

DEFINITION OF MARKET VALUE

For the purpose of this appraisal, the term 'market value' may be defined as follows:-

> The highest price estimated in terms of money which a property would bring if exposed for sale on the open market by a willing seller, allowing a reasonable time to find a willing buyer, neither buyer nor seller acting under compulsion, both having full knowledge of the uses and purposes to which the property is adapted and for which it is capable of being used, and both exercising intelligent judgement.

APPROACH TO VALUE

The property is located on the south side of St. Clair Avenue East, east of Yonge Street, in the City of Toronto. The property is improved as a mixed use commercial-residential complex, as hereinafter more particularly described.

Description and Analysis

The neighbourhood within which the property is located has been inspected, investigated and analyzed. General research of the area included the examination of the Area Official Plan, applicable Zoning By-laws, current development trends, residential rent levels and vacancy rates, etc.

The subject property has been inspected and is described in some detail hereinafter. The physical descriptions deal with factual aspects and dimensions of the property, such as shape, area, topography of the land, services, size and condition of improvements, etc.

Sales of multi tenanted residential properties have been investigated and analyzed. The search for such properties covered the Metropolitan Toronto and surrounding areas. Where possible, the financial operation of these properties have been examined and analyzed for the purpose of extracting overall yield rates and other market parameters.

Further investigations included the examination of replacement cost data and current building practices. While we did not rely on the replacement costs in estimating the market value of the property, we nevertheless considered a brief cost analysis as a useful test of our value estimate.

The property is to be leased for a ten (10) year period to a management institution which will guarantee investors the carefree operation of the property. This Head Lease had not been executed, and as part of our investigations, we ascertained not only the terms of this lease, but we also satisfied ourselves that there will be sufficient capital to make up any deficiency payment, if any, under the terms of the lease.

Method of Valuation

There are three principal methods of estimating the market value of a real property; they are . . .

the Cost Approach to Value
the Comparative Sales Approach to Value
and
the Income Approach to Value

In the Cost Approach to Value the replacement cost of the improvements is estimated, from which estimated accrued depreciation from all sources is deducted, to arrive at an estimated value of the improvements. To this is added the estimated land value to yield a market value estimate of the property.

The cost approach is a logical and systematic, and in the valuation of multiple residential property, it is a recognized and valid method of valuation. It serves to illustrate the fact that no new rental accommodation is being constructed, as current market constraints, such as rent review, high financing costs, government disincentives, etc. do not provide a reasonable return on investment.

Major weaknesses of the cost approach are that it is often difficult to reliably estimate land value in fully developed areas and the estimate of accrued depreciation due to physical deterioration, functional and/or economic obsolescence is rather subjective.

Thus, we do not intend to rely on the cost approach; rather, it is used to illustrate the current replacement cost, and as such, it is only a cursory application.

In the Comparative Sales Approach, the principle of substitution is implicated which affirms that a prudent purchaser would not normally pay more for a property than the price for which he could obtain an equally desirable property, provided that there is no undue delay in making such alternate acquisition.

The comparative sales approach is the most easily understood, most frequently used and generally preferred method of valuation. The approach mirrors the marketplace reflecting the interactions between purchasers and vendors.

In the direct application of the comparative sales approach, one must not only consider the comparative features of the physical estate but also the income stream as well as the presence of qualitative factors, such as management, financial stability, terms of leases, etc.

In the subject instance, the direct application of the comparative sales approach is not feasible since there is a vast difference in the quality of design, construction and condition between Cadillac buildings and other properties; moreover, there is a head lease which guarantees an income stream to the investors well in excess of the current net income stream.

However, the comparative sales approach is in effect the pillar upon which our valuation of the property rests. In estimating the market value of the property, we require an overall capitalization rate which acceptable to investors investing in multi tenanted residential properties. Thus, we investigated numerous income producing residential property transactions to extract therefrom the yield rate to the investors. After a careful study and analysis of this information, we shall draw a conclusion as to the capitalization rate applicable in the subject instance.

In the Income Approach, the gross income from all sources is estimated, from which an allowance for vacancy and credit loss is deducted to arrive at an estimate of the effective gross income. Next, all operating expenses are examined and estimated, which are then deducted from the effective gross income to obtain an estimate of operating income. This operating income is then capitalized into an estimate of market value.

The income approach is the most appropriate valuation method of rental properties. Considering the size of the properties and the amount of the investment, one assumes that the parties to property transactions are well informed and advised in terms of investment matters, taxation, etc. Thus, given reasonable rental estimates, evidence as to yield and interest rates prevalent in the market, the income approach produces a value estimate which should weigh heavily on the scale of final value judgement.

In the subject instance, there is a head lease which guarantees the investor a fixed return with provisions for increases in future years. This lease is described in more detail hereinafter.

This head lease, being a net and carefree lease, produces a rental payment which in essence forms the basis of the market value estimate. In analyzing this lease, one must consider and ascertain that the head lessee has the financial depth to fullfil the terms of the lease and is capable of making up any deficiency between the net income from the property operation and the lease obligation. Moreover, it is important to ascertain that the property cash flow will eventually support the lease payment and that any shortfall is temporary.

The conclusion of value hereinafter is predicated on the net cash flow from the head lease.

THE HEAD LEASE

The property will be leased to Kilderkin Investments Ltd. on net and carefree basis yielding the lessor the following return based on a 25% equity in the property . . .

First three (3) years	0% return
Fourth Year	1% return
Fifth Year	2% return
Sixth Year	3% return
Seventh Year	4% return
Eighth Year	5% return
Ninth Year	6% return
Tenth Year	7% return

The terms of the lease will be ten (10) years.

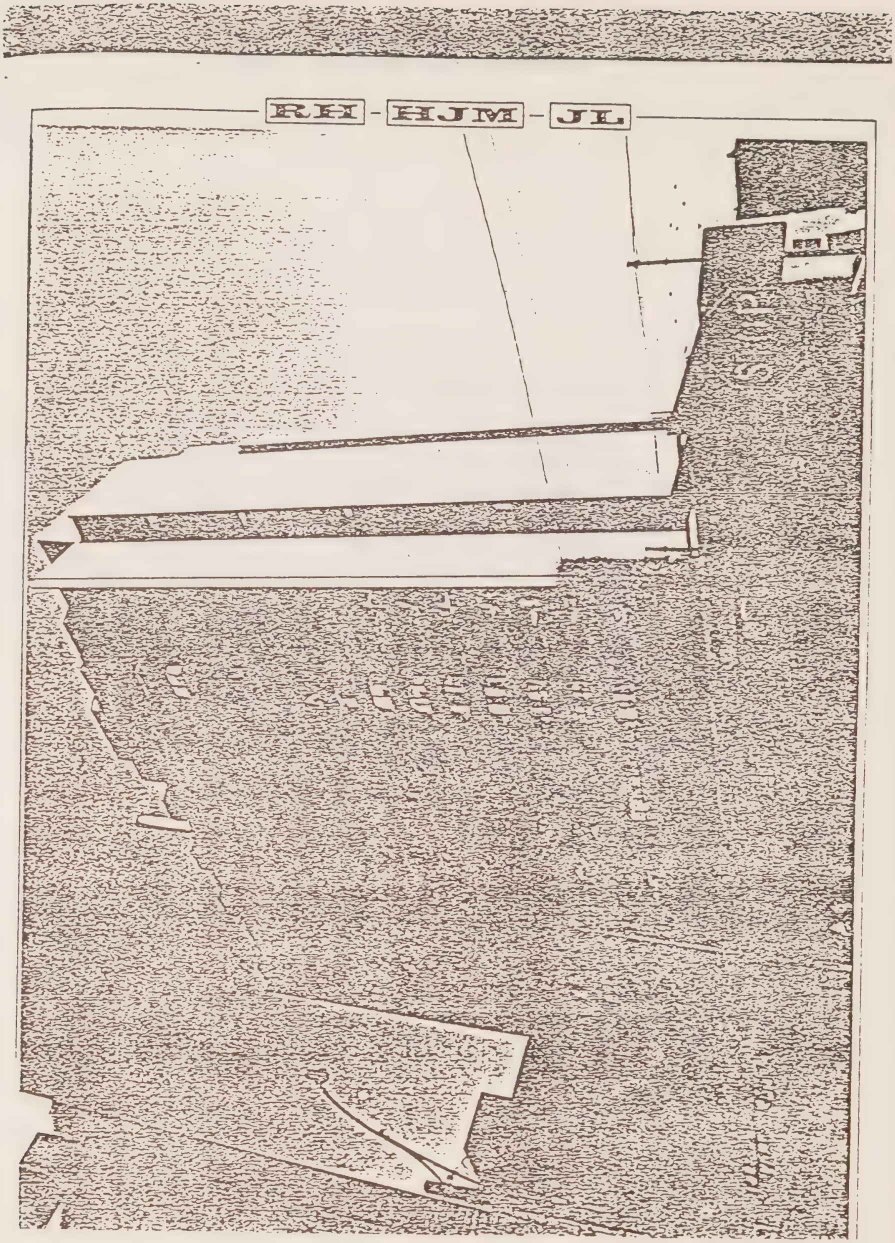
Under this head lease, the actual payments in the first three years will be as follows:-

ONE MILLION EIGHT HUNDRED AND SEVENTY FOUR THOUSAND
EIGHT HUNDRED AND SEVENTY NINE DOLLARS
($ 1,874,879.00)

As a condition of financing, the lessee must deposit sufficent funds in cash with the various lending institutions providing mortgage financing. For example, the deposit required by the Greymac Trust Company group is FIFTEEN MILLION DOLLARS ($15,000,000.00).

It is expected that the cash flow deficiency between the rental revenue from property operations and the lease payments will be relatively short term. The break-even point should be reached within a one to three year period, after which the rental income will exceed the lease payment by increasing margins over the years.

MAP OF THE METROPOLITAN TORONTO PLANNING AREA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SITE DESCRIPTION

The property is located on the south side of St. Clair Avenue East, east of Yonge Street, in the City of Toronto, and is municipally known as . . .

77 - 81 St. Clair Avenue East

Shape and Frontage

The site is flat and irregular in shape having a frontage of 444.58 feet, more or less, on St. Clair Avenue East.

Area

The site comprises an area of 1.45 acres, more or less.

Topography

The site is level and at grade with the adjoining street. There are no apparent adverse soil conditions which might impede the development of the site.

Services

Municipal services include sanitary sewers, storm sewers and water supply. Utilities, such as hydro electric power, natural gas, telephone services, and cable television connections are readily available.

Other services include garbage collection, police and fire protection, excellent public transportation, etc.

The site benefits from its proximity to public parks, schools and recreational facilities, shopping and employment opportunities, etc.

Zoning

According to the City of Toronto Zoning By-law No. 20623, as amended from time to time, the property is zoned C1S L5 Z4.

Land Lease

The subject land is leased from the Sun Life Assurance Company of Canada under Instr. No. 72922 EM, dated August 18, 1964, and registered in February 1966.

The term of the lease is for 120 years and 14 days computed from and inclusive of August 18, 1964 to the last day of August 2084.

The rental payments for the first 35 years and 14 days, from August 18, 1964, to August 31, 1999, are $ 63,375 per annum, paid monthly at the rate of $ 5,281.25 in advance.

A copy of the lease document is included in the addenda section of this report.

Assessment

According to the City of Toronto Assessment Rolls prepared in 1981 for 1982 taxation purposes, the property is assessed as follows . . .

Roll No.	10 - 2 - 090 - 0160 - 0000
Property Description:	Lots 3 - 6 and Lots 16 - 19, Part Lots 2 and 20, Plan E 413
Address:	77 St. Clair Avenue East, City of Toronto
Area:	1.46 acres
Assessed Frontage:	444.58 feet
Assessment:	$ 2,083,100
1982 Realty Taxes:	$ 502,327.95

HIGHEST AND BEST USE ESTIMATE

Underlying the concept of value is the notion of highest and best use which may be defined as that use most likely to produce the greatest net return to the land over a period of time, keeping in mind that the reference to net return is not limited to monetary advantage, but it may be in the form of amenities.

In estimating the highest and best use of the property, one must consider and analyze the following . . .

(a) the physical characteristics of the site;
the property must be adaptable to the proposed use.

(b) there must be demand for the proposed use;
and

(c) the proposed use must be legally permissible, or at least, potentially permissible.

The existing use of an improved parcel of land is usually the highest and best use since economic advantages dictate the use which would generate the maximum income stream or enjoyment, until such time as the improvements fail to contribute to the total property value in excess of the value of the land.

In the subject instance, the site is zoned and improved as multiple residential, generating as substantial quality income stream. With historically low vacancy rates now prevailing in the Greater Metropolitan Toronto and surrounding areas, the present utilization of the site is deemed to be the highest and best use of the site.

DESCRIPTION OF IMPROVEMENTS

The site is improved with a high-rise apartment building with a commercial component which was constructed in 1967. The building is known as . . .

The Towne and Towne Mall

77 – 81 St. Clair Avenue East

The gross floor area of the project is as follows . . .

Residential	232,660 sq. ft., more or less
Commercial	73,167 sq. ft., more or less
Total	305,827 sq. ft., more or less

The building contains 184 dwelling units, the unit mix of which is as follows. . .

29 studio units
69 one bedroom units
66 two bedroom units
3 three bedroom units
6 penthouse units
11 townhouse units

The building faces St. Clair Avenue East and backs onto Pleasant Boulevard. The site is nicely landscaped.

The project has been very well designed adn all improvements are of quality construction. The project has been meticulously maintained by Cadillac Fairview Corporation which has an excellent reputation for its building maintenance programme.

THE TOWNE AND TOWNE MALL
77 – 81 ST. CLAIR AVENUE EAST
CITY OF TORONTO

Age of Building:	15 years, constructed in 1967.	
Type of Construction:	Reinforced concrete, brick exterior, fire resistent.	
No. of Floors:	20 storeys/	
Gross Floor Area:	232,660 sq.ft. – residential	
	73,167 sq.ft. – commercial	
Elevators:	Three (3) elevators.	
Dwelling Unit Mix:	29 studio	660 sq.ft.
	69 one bedroom	925 sq.ft.
	66 two bedroom	1,125 sq.ft.
	3 three bedroom	1,420 sq.ft.
	6 penthouse	1,300 sq.ft.
	11 townhouses	1,550 sq.ft.
	184 dwelling units	
Parking:	152 underground spaces	
Project Facilities:	Large "L" shaped Foyer with receptionist, entraphone. Fully air-conditioned, large meeting room. Landscaped third floor deck.	
Unit Amenities:	Individual thermostats. Townhouses have outside gardens on third floor. Penthouses are two storey in height.	

CURRENT MONTHLY RENTAL RATES

Studio Units	\$ 290 - \$ 385, average \$ 324
One Bedroom Units	\$ 354 - \$ 557, average \$ 421
Two Bedroom Units	\$ 421 - \$ 800, average \$ 554
Three Bedroom Units	\$ 942 - \$ 942, average \$ 942
Three Bedroom Units (2 Baths)	\$ 768 - \$ 1,021, average \$ 895
Four Bedroom/Penthouse Units	\$ 953 - \$ 1,655, average \$ 898

PROPERTY OPERATION

The property has been owned and managed by Cadillac Fairview Corporation which has been the leader in the development and housing industry. Cadillac buildings have a reputation of being well managed and very well maintained.

The Cadillac philosophy and policies have been described, thus . . .

> The Residential Management Division's philosophy and policies are directed towards maintaining the physical integrity of the realty as a long-term investment. Cadillac Fairview maintains its properties in a manner which will ensure their continued appeal to people seeking residential accommodation. The level of maintenance and grooming of Cadillac Fairview's properties extends beyond industry averages and is reflected in the level of maintenance expenditures as indicated in the accompanying operating statement.
>
> The professional style and competence of Cadillac Fairview's property management services have been largely responsible for keeping the Company's occupancy levels above industry averages. A very high level of preventative care and maintenance results in the buildings having an apparent age somewhat less than their chronological or actual age.
>
> A market research study conducted by Laventhol & Horwath in August 1981 among Cadillac Fairview tenants indicated that most respondents are currently satisfied with the building in which they live. Approximately 93% of respondents reported that Cadillac Fairview was doing a "good" or "very good" job of managing the buildings and approximately 83% stated that the Company "cares a lot" about keeping tenants happy.
>
> The corporate philosophy includes a desire to imbue each project with a degree of quality which will properly serve, not only occupants and users, but the rest of the community in which it is located.

While Cadillac Fairview has maintained their buildings in very good condition and fostered amicable relationships with tenants, it has not pursued an aggressive policy of increasing rents and the profitability of their residential real estate; rather, Cadillac Fairview chose to live within the rent increase guidelines set by the Ontario Rent Review legislation.

The latest financial statement is for the fiscal year 1981 - 1982, as follows:

THE TOWNE AND TOWNE MALL

OPERATING STATEMENT
FOR 12 MONTHS FROM MARCH 1, 1981
TO FEBRUARY 28, 1982

Revenue		
Rental Revenue (including parking)		$ 1,096,544
Miscellaneous		785,401
Gross Revenue		$ 1,881,945
Vacancies		(3,489)
Net Revenue		$ 1,878,456
Operating Expenses		
Property Taxes	$ 462,347	
Repairs & Maintenance	245,384	
Utilities	200,867	
Insurance, Administration	34,008	$ 942,600
Operating Cash Flow		$ 935,850

This operating statement reflects the ultra conservative nature of Cadillac Fairview operating the property. Obviously, the emphasis has been on asset maintenance rather than income production.

Prudent and circumspect management should emphasize both maintaining the asset and income production. Given the current market conditions, interest rates and investment returns available, the income stream can be significantly increased.

The parking garage is fully leased by Can-Park Services Limited. The lease is on a percentage basis. A copy of the lease may be found in the addenda section.

In the future, the property will be operated by a professional management company which will have the mandate to maximize the investment potential of the property in terms of net income and property enhancement.

There are two ways of increasing net income: (1) increase revenue by increasing rents, and/or (2) decrease costs by spending less on maintenance. Clearly, it is not desirable to decrease costs at the expense of maintaining the buildings in excellent condition, as this would be counter-productive and in conflict with the stated objective of property enhancement. Thus, the only avenue open to increasing the cash flow bottom line is increasing rents.

Projections have been prepared covering a ten (10) year period, a copy of which is included in the addenda section of this report. These projections have been analyzed and adjusted to reflect more current conditions.

Rent Review

Rent Review, which is often mistakenly referred to as 'rent control', is a process whereby landlords wishing to increase rents by more than 6% per annum must apply for a rent review. The factors considered in rent review are . . .

- increases in operating costs;
- initiation or discontinuance of services;
- maintenance and replacement (capital) costs;
- recovery of financial deficits over a period of time;
- a 2% return on equity in certain cases;
- increases in financing costs in event of refinancing and/or new financing up to 85% of the purchase price when a property is sold.

Under the existing legislation, purchasers of rental residential property would be advised to arrange the maximum financing up to 85% if possible. They can then claim the annual financing costs together with operating cost increases. The practice has been to allow the full operating cost pass-through and phase in the financing costs over a three (3) year period.

In the subject instance, rents could thus be significantly increased. Projections prepared for the property indicate a 25% increase in the first two years, an 8% increase in the third year, and level increases of 6% per annum for the next seven (7) years.

In our view, these rent projections are realistic and obtainable; we also foresee considerable and organized resistance to the proposed increases. However, in the end, the increases should be allowed, and hence, the gross revenue should rise according to projections.

Operating Analysis

Operating expenses are grouped into five major categories and a vacancy allowance, as follows:

Vacancy Allowance

The current building vacancy rate is zero (0%). This no vacancy is due to the strong demand for residential accommodation in Metropolitan Toronto and the relatively reasonable apartments rentals in the subject project.

According to the latest Ontario Housing Market Report, August 1982, prepared by Planning and Economic Analysis, Canada Mortgage and Housing Corporation, forecast vacancy rates in apartment structures of six units and over privately initiated, in Census Metropolitan Toronto are...

October 1982	0.8%
April 1983	1.0%
October 1983	1.2%
April 1984	1.1%

Vacancies in the subject project will become a factor after new, rent review approved, rentals come into effect. There will be an increase in movement, as tenants seek cheaper accommodation, and there will be some resistance to the higher rents. We would estimate that the vacancy rate in the Project will be in line with the Metropolitan market average.

The financial projections over a ten year period allow for a vacancy rate of 1.5% which in the long run seems high; however, for the purpose of this analysis it is adopted here.

Realty Taxes

Realty Taxes in 1982 are $ 502,327.95. Allowing an increase of 6% in line with the current cost restraint programme, we would estimate that the realty taxes in 1983 will be about $ 532,468. Beyond 1983, we would project a 10% annual increase.

Our estimate is significantly higher than the estimated $ 462,347 which was based on the budgetted projections in 1981. Thus, our estimate is more realistic and hereby adopted.

Insurance, Administrative and Leasing Expenses

The projected costs are based on 1981 data, completely omitting 1982 records, as these were obviously not available; therefore, we adjusted this estimate to reflect the current cost basis. Our estimate for 1983 is $ 37,497 and we allowed an increase of 10% in future years.

Utilities

Again, the projection estimate has erroneously based on 1981 cost data. Thus, we adjusted the estimate to $ 220,954 for 1983.

Maintenance

The maintenance costs are high due to the excellent level of maintenance. We would suggest that maintenance expenses could be kept in line without sacrificing any maintenance and/or repair programme. Therefore, we would adopt the maintenance costs as projected.

Management

Management has been projected at 5% of gross income, which is fully allowed as a proper cost in rent review proceedings.

Management is sometimes a hidden return on investment, as property owners can hire management personnel at fixed annual salaries. In the subject instance, the 5% management contract is part of the overall head lease package.

Three Year Operating Projection

Based on our analysis of the property, its potential for producing revenue under current rent review practicies, the likely operating expenses, we reconstructed the operating projections to conform to the realities of the market and current cost experiences.

THE TOWNE AND TOWNE MALL

RECONSTRUCTED OPERATING PROJECTIONS

FOR THE YEARS 1983, 1984 and 1985

	1983	1984	1985
Gross Revenue			
Rental & Parking Income	$ 2,671,488	$ 3,205,786	$ 3,398,133
Vacancy & Credit Loss			
1.5% of Gross Income	40,072	48,087	50,972
Effective Gross Revenue	$ 2,631,416	$ 3,157,699	$ 3,347,161
Operating Expenses			
Realty Taxes	$ 532,468	$ 585,715	$ 644,286
Utilities	220,954	243,049	267,354
Insurance & Leasing	37,497	41,246	45,371
Maintenance & Repairs	245,384	269,922	296,915
Land Rent	63,375	63,375	63,375
Management Fees	133,574	160,289	169,907
Total	$ 1,233,252	$ 1,363,596	$ 1,487,208
Operating Cash Flow	$ 1,398,164	$ 1,794,103	$ 1,859,953

The projected operating cash flow streams are based on realistic assumptions and are obtainable. Past the three year projection period, these cash flows should increase at annual rates from 6% to 10%.

An investor obviously will benefit from the increased cash returns as well as the appreciation potential of the property. To reap these benefits, an investor is justified to accept a low rate of return going into an investment.

THE TOWNE AND TOWNE MALL

PROPERTY VALUATION SECTION

INCOME APPROACH TO VALUE

The principal and only reliable method of valuation in the subject instance is the income approach to value. In the application of this approach, one must estimate the net income stream and verify the quality of the projected income stream over a relevant period.

In the subject instance, there is a head lease which is net and absolutely carefree to the lessor. To insure the lease payments over the initial period, the lessee is required to deposit a sufficient amount of cash with various lending institutions to meet any and all deficiencies from rental income. The lease payments covering the total Towne project are $ 1,874,879 for the first three (3) years and increasing at the rate of 1% each year beginning in the fourth year.

In analyzing the head lease arrangement, we have tested the validity and profitability of this lease from the viewpoint of the lessee. Obviously, a lessee would not be prudent to enter into a long term leasing agreement, unless the lessee was convinced that headleasing these properties would be fairly profitable.

Break-even Analysis

Testing the premise of profitability to the Head lessee, we analyzed the operating cash flow projections in terms of covering the lease payments, as follows . . .

NET CASH FLOW PROJECTIONS	1983	1984	1985
Total Cash Flow	$ 1,398,164	$ 1,794,103	$ 1,859,953
CONTRACTUAL HEAD LEASE			
Annual Payments	$ 1,874,879	$ 1,874,879	$ 1,874,879
CASH FLOW SURPLUS (DEFICIT)	$ (476,715)	$ (80,776)	$ (14,926)

The foregoing analysis illustrates that the break even point will be reached in the fourth year, and that in the interim, the lease guarantee must cover the operational deficit. In future years, the cash flow will be positive.

Thus, we conclude that the head lease is supported by the cash flow projections, and we further conclude that the head lease is based on supportable cash flow projections.

Hence, the head lease payments may be accepted as quality net cash flows to typical investors seeking net and carefree returns from their investments.

Capitalization of Net Cash Flow

Of the various methods of translating net income or net cash flow into value, direct capitalization is the most direct and cogent method; it consists of the basic capitalization formula . . .

net cash flow / rate = value.

The missing link in the equation is the capitalization rate.

In estimating an appropriate capitalization rate, we conducted an exhaustive search for apartment transactions for which financial operating data could be obtained and verified. From these data, we computed not only the overall capitalization rate but also extracted the gross income multiplier (G.I.M.)

The following are apartment sales which have been investigated and analyzed.

APARTMENT SALE ANALYSIS

1755 JANE STREET
WESTON, ONTARIO

Sold:	June 15, 1982 Crown Life Insurance Company to. Rosanco Investments Limited
Consideration:	$ 3,424,500 with $ 875,613 cash.
Site Area:	1.73 acres.
Improvements:	14 storey apartment building.
Dwelling Unit Mix:	1 Bachelor Unit 15 Junior One Bedroom Units 39 One Bedroom Units 47 Two Bedroom Units 102 units
Gross Rent Income:	$ 413,304
Operating Expenses:	$ 231,073
Net Operating Income:	$ 182,231
Commercial Portion:	About 18.62% of the property is used as commercial. Adjusting the sale price by 81.38%, the price attributable to the residential unit may be obtained, thus . . . $ 3,424,500 x .8138 = $ 2,786, 851
Sold at:	6.74 x Gross Income (G.I.M.) 6.54% Overall Rate of Return.

APARTMENT SALE ANALYSIS

30 GODSTONE ROAD
CITY OF NORTH YORK

Sold:	May 12, 1982
	Tricol Investments Inc.
	to
	Herbal Investments Limited
Consideration:	\$ 5,810,000 with \$ 1,110,000 cash.
Site Area:	2.75 acres, more or less.
Improvements:	15 storey apartment building.
Dwelling Unit Mix:	31 One Bedroom Units 54 small Two Bedroom Units 47 Two Bedroom Units 39 Three Bedroom Units
	171 units
Gross Rent Income:	\$ 900,948
Operating Expenses:	\$ 475,835
Net Operating Income:	\$ 425,113
Sold at:	6.45 x Gross Income (G.I.M.)
	7.32% Overall Rate of Return.

APARTMENT SALE ANALYSIS

3450 FIELDGATE DRIVE
CITY OF MISSISSAUGA

Sold:	February 8, 1982 Rune Anderson to Panda Apartments Limited
Consideration:	$ 1,140,000 with $ 200,059 cash.
Site Are:	0.92 acres.
Improvements:	6 storey apartment building.
No. of Dwelling Units:	45 units.
Gross Rental Income:	$ 192,732
Operating Expenses:	$ 96,522
Net Operating Income:	$ 96,210
Sold at:	5.91 x Gross Income (G.I.M.) 8.44% Overall Rate of Return.

APARTMENT SALE ANALYSIS

3621 – 3625 LAKE SHORE BOULEVARD WEST
BOROUGH OF ETOBICOKE

Sold:	February 1, 1982.
	Rose Park Howard Investments to Cedarglen West Apartments Limited
Consideration:	$ 3,363,400 with $ 749,512 cash.
Site Area:	1.94 acres.
Improvements:	One 6 storey apartment building and one 7 storey appartment building.
Dwelling Unit Mix:	11 Bachelor Units 18 Two Bedroom Units 11 Large Two Bedroom Units 11 Three Bedroom Units 51 units
	22 One Bedroom Units 33 Two Bedroom Units 20 Three Bedroom Units 75 units
Gross Rental Income:	$ 555,210
Operating Expenes:	$ 302,698
Net Operating Income	$ 252,512
Sold at:	6.06 x Gross Income (G.I.M.)
	7.50% Overall Rate of Return.

APARTMENT SALE ANALYSIS

215 MARKHAM ROAD
BOROUGH OF SCARBOROUGH

Sold:	October 26, 1981
	Tenmill Investments Limited et al to Herbal Investments Limited
Consideration:	$ 6,550,000 with $ 636,249 cash.
Site Area:	2.89 acres
Improvements:	16 storey apartment building.
Dwellin Unit Mix:	64 One Bedroom Units 96 Two Bedroom Units 32 Three Bedroom Units
	192 units
Gross Rental Income:	$ 841,104
Operating Expenses:	$ 492,325
Net Operating Income:	$ 348,779
Sold at:	7.79 x Gross Income (G.I.M.)
	5.33% Overall Rate of Return.

APARTMENT SALE ANALYSIS

2500 KEELE STREET
CITY OF NORTH YORK

Sold:	September 18, 1981
	Ariann Developments Inc. to Sithney Enterprises Limited
Consideration:	$ 2,632,250 with $ 546,801 cash.
Site Area:	2.20 acres.
Improvements:	12 storey apartment building.
Dwelling Unit Mix:	33 One Bedroom Units 58 Two Bedroom Units
	91 units
Gross Rental Income:	$ 408,696
Operating Expenses:	$ 221,684
Net Operating Income:	$ 187,013
Sold at:	6.44 x Gross Income (G.I.M.)
	7.11% Overall Rate of Return.

APARTMENT SALE ANALYSIS

1219 DUNDAS STREET WEST
CITY OF MISSISSAUGA

Sold:	September 14, 1981
	Joseph Greenberg et ux to Jeno Weiszhaus et al
Consideration:	$ 1,222,500 with $ 495,220 cash.
Site Area:	1.692 acres.
Improvements:	7 storey apartment building.
Dwelling Unit Mix:	28 One Bedroom Units 25 Two Bedroom Units
	53 units
Gross Rental Income:	$ 175,895
Operating Expenses:	$ 81,312
Net Operating Income	$ 95,583
Sold at:	6.90 x Gross Income (G.I.M.)
	7.82% Overall Rate of Return.

APARTMENT SALE ANALYSIS

22 ALANHURST DRIVE
BOROUGH OF ETOBICOKE

Sold:	September 9, 1981 Fryn Investments Limited to Baltyk Apartments Limited
Consideration:	$ 1,715,000 with $ 1,174,099 cash.
Site Area:	1.26 acres.
Improvements:	6 storey apartment building.
No. of Dwelling Units:	48 units.
Gross Rental Income:	$ 177,228
Operating Expenses:	$ 101,542
Net Operating Income:	$ 75,686
Sold at:	9.68 x Gross Income (G.I.M.) 4.41% Overall Rate of Return.

APARTMENT SALE ANALYSIS

41 GARFELLA DRIVE
BOROUGH OF ETOBICOKE

Sold:	January 21, 1981
	Casdent Investments Limited to 490352 Ontario Limited
Consideration:	$ 2,500,000 with $ 395,354 cash.
Site Area:	285.4 frontage (irregular).
Improvements:	12 storey apartment building.
Dwellin Unit Mix:	12 One Bedroom Units 67 Two Bedroom Units 11 Three Bedroom Units
	90 units
Gross Rental Income:	$ 451,212
Operating Expenses:	$ 306,569
Net Operating Income:	$ 144,643
Sold at:	5.54 x Gross Income (G.I.M.)
	5.79% Overall Rate of Return.

APARTMENT SALE ANALYSIS

3400 KEELE STREET
CITY OF NORTH YORK

Sold:	August 28, 1981
	S M Snow Enterprises Limited
	to
	488908 Ontario Limited
Consideration:	$ 3,510,000 with $ 430,000 cash.
Site Area:	2.34 acres.
Improvements:	9 storey apartment building.
No. of Dwelling Units:	141 units.
Gross Rental Income:	$ 559,200
Operating Expenses:	$ 304,793
Operating Income:	$ 254,407
Sold at:	6.28 x Gross Income (G.I.M.)
	7.25% Overall Rate of Return.

APARTMENT SALE ANALYSIS

25 DUNCANWOODS DRIVE
CITY OF NORTH YORK

Sold:	April 6, 1981
	Sithney Enterprises Limited et al to Patrican Management Limited
Consideration:	$ 3,880,000 with $ 808,259 cash.
Site Area:	3.60 acres.
Improvements:	11 storey apartment building.
Dwelling Unit Mix:	42 One Bedroom Units 83 Two Bedroom Units 22 Three Bedroom Units
	147 units
Gross Rental Income:	$ 611,357
Operating Expenses:	$ 321,425
Operating Income:	$ 289,932
Sold at:	6.35 x Gross Income (G.I.M.)
	7.47% Overall Rate of Return.

APARTMENT SALE ANALYSIS

1111 FORESTWOOD DRIVE
CITY OF MISSISSAUGA

Sold:	June 2, 1981
	Giorgio C Investments Limited to Nordica Properties Limited
Consideration:	$ 1,075,000 with $ 126,550 cash.
Site Area:	1.93 acres.
Improvements:	3.5 storey, walk-up apartment building.
No. of Dwelling Units:	44 untis.
Gross Rental Income:	$ 169,860
Operating Expenses:	$ 80,944
Net Operating Income	$ 88,916
Sold at:	6.33 x Gross Income (G.I.M.)
	8.27% Overall Rate of Return.

APARTMENT SALE ANALYSIS

3161 EGLINTON AVENUE EAST
BOROUGH OF SCARBOROUGH

Sold:	May 27, 1981
	Donlee Holdings Limited to Best Rank Investments Inc.
Consideration:	$ 4,230,000 with $ 680,000.
Site Area:	2.38 acres.
Improvements:	12 storey apartment building.
No. of Dwelling Units:	161 units.
Gross Rental Income:	$ 595,128
Operating Expenses:	$ 363,915
Net Operating Income:	$ 231,213
Sold at:	7.11 x Gross Income (G.I.M.)
	5.47% Overall Rate of Return.

APARTMENT SALE ANALYSIS

6000 BATHURST STREET
CITY OF NORTH YORK

Sold:	May 1, 1981
	Bathville Towers Limited to 6000 Bathurst Estates Limited
Consideration:	$ 3,130,000 with $ 854,343 cash.
Site Area:	2.0 acres.
Improvements:	12 storey apartment building.
Dwelling Unit Mix:	21 One Bedroom Units 66 Two Bedroom Units 13 Three Bedroom Units
	100 units
Gross Rental Income:	$ 368,296
Operating Expenses:	$ 237,223
Net Operating Income:	$ 131,073
Sold at:	8.50 x Gross Income (G.I.M.)
	4.19% Overall Rate of Return.

APARTMENT SALE ANALYSIS

215 – 235 GOSFORD BOULEVARD
4750 JANE STREET

Sold:	April 26, 1981 Said Akhavan in Trust to Cale Holdings Limited
Consideration:	\$ 11,560,000 with \$ 2,960,000 cash.
Site Area:	5.72 acres.
Improvements:	One 8 storey and two 15 storey buildings.
Dwelling Unit Mix:	173 One Bedroom Units 202 Two Bedroom Units 40 Three Bedroom Units 415 units
Gross Rental Income:	\$ 1,657,298
Operating Expenses:	\$ 1,038,352
Net Operating Income	\$ 618,946
Sold at:	6.98 x Gross Income (G.I.M.) 5.35% Overall Rate of Return.

APARTMENT SALE ANALYSIS

25 FISHERVILLE ROAD
CITY OF NORTH YORK

Sold:	April 2, 1981
	Del Corporation Limited to Forest Lane Properties Inc.
Consideration:	$ 5,180,000 with $ 980,000 cash.
Site Area:	2.92 acres.
Improvements:	18 storey apartment building.
No. of Dwelling Units:	212 units.
Gross Rental Income:	$ 788,000
Operating Expenses:	$ 558,987
Net Operating Income:	$ 229,013
Sold at:	6.57 x Gross Income
	4.42% Overall Rate of Return.

APPRAISAL ASSIGNMENTS HAVE BEEN COMPLETED FOR THE FOLLOWING

Toronto-Dominion Bank

Bank of Montreal

National Bank of Canada

Lazard Brothers and Company Ltd., London, England

The Morgan Trust Company

Eaton Bay Trust Company

Crown Trust Company

Fidelity Trust Company

Co-Operative Trust Company

Sterling Trust Company

Standard Trust Company

Marchant and Company

The Mortgage Insurance Company of Canada

Federal Business Developemnt Bank

Laventhol & Horwath, Management Consultants

Various firms of Barristers and Solicitors

APARTMENT SALE ANALYSIS

2395 HOMELANDS DRIVE
CITY OF MISSISSAUGA

Sold:	February 19, 1981
	George T. Chan et ux
	to
	Gulamali Lalani in Trust
Consideration:	$ 1,064,900 with $ 209,445 cash.
Site Area:	2.12 acres.
Improvements:	5 storey apartment building.
No. of Dwelling Units:	51 units.
Gross Rental Income:	$ 178,800
Operating Expenses:	$ 97,836
Operating Income:	$ 80,964
Sold at:	5.96 x Gross Income (G.I.M.)
	7.60% Overall Rate of Return.

APARTMENT SALE ANALYSIS

361 LAKESHORE ROAD WEST
CITY OF MISSISSAUGA

Sold:	January 5, 1981
	Reinhold Construction Co. Ltd.
	to
	Sandro Dipasquale
Consideration:	$ 817,400 with $ 92,400 cash.
Site Area:	0.51 acres.
Improvements:	6 storey apartment building.
Dwelling Unit Mix:	25 One Bedroom Units
	13 Two Bedroom Units
	38 units
Gross Rental Income:	$ 126,268
Operating Expenses:	$ 52,766
Operating Income:	$ 73,502
Sold at:	6.47 x Gross Income (G.I.M.)
	8.99% Overall Rate of Return.

The gross income multipliers (G.I.M.) and the overall rates of return, also known as overall capitalization rates (Cap. Rate) extracted from apartment sales in the Greater Toronto & Mississauga area in the period from January 1981 to June 1982 may be summarized as follows . . .

Address	G.I.M.	Cap. Rate
1755 Jane Street	6.74 x	6.54%
30 Godstone Road	6.45 x	7.32%
3450 Fieldgate Drive	5.91 x	8.44%
3621-3625 Lake Shore Blvd. W.	6.06 x	7.50%
215 Markham Road	7.79 x	5.33%
2500 Keele Street	6.44 x	7.11%
1219 Dundas Street West	6.90 x	7.82%
22 Alanhurst Drive	9.68 x	4.41%
41 Garfella Drive	5.54 x	5.79%
3400 Keele Street	6.28 x	7.25%
25 Duncanwoods Drive	6.35 x	7.47%
1111 Forestwood Drive	6.33 x	8.27%
3161 Eglinton Avenue East	7.11 x	5.47%
6000 Bathurst Street	8.50 x	4.19%
215 - 235 Gosford Boulevard	6.98 x	5.35%
25 Fisherville Road	6.57 x	4.42%
2395 Homelands Drive	5.96 x	7.60%
361 Lakeshore Road West	6.47 x	8.99%

The apartment sales comprise a fairly comprehensive sample of the apartment market in the period from January 1981 to the present, and hence, the extracted G.I.M. factor and the capitalization rates are representative market data. The variations are from a low of 5.54 to a high of 9.68 in terms of the G.I.M. and from 4.19% to 8.99% for the capitalization rates. The mean, mode and median of the sample were computed as follows . . .

	G.I.M.	Cap. Rate
The Mean	6.78 x	6.62%
The Mode	6.26-6.50x	7.01%-7.50%
The Median	7.61 x	6.51%

As the foregoing data and analysis illustrate, investors are prepared to purchase income producing properties at relatively low rates of return, when compared to current interest rates, which means that purchasers of income producing properties heavily weigh the capital appreciation potential of income producing properties.

In selecting a capitalization rate, one must consider various other factors, chief among which are the following . . .

Property Location:	A property must be located close to schools, shopping, recreational facilities, employment opporunities, etc.
Property Improvements:	The type and design of buildings, the condition of the improvements, their life expectancy, etc.
Property Market:	The trend of real estate in terms of prices and rental rates; supply and demand of the housing market, etc.
Mortgage Market:	The availability of mortgage funds and current interest rates.
Inflationary Trends:	Long term real estate values consistently outpace inflation, and therefore, it is an excellent hedge against inflation.
Investment Competition:	Real estate has been a favourite investment vehicle and investors are fiercely competing for prime real estate.

The subject property meets all sound investment criteria; it is well located and produces predictable as well secure income, increasing over time. There is only one major negative factor, which is the potential problem dealing with Rent Review. The projected rents, while reasonable, may not be achieved due to the tenants' pressure to lower permissible rent increases and not to permit certain financial costs being considered in determining rent levels.

The Cadillac buildings are currently very much in the news, as tenant groups are being formed to oppose any rent increase based on new financing of the proeprties. The battle will be fierce and well publicized. Given the current legislation and rent review practices, proposed rent increases should be attained; however, there are also doubts, at least in the immediate future, as the contest between property owners and tenants rages.

Thus, we would conclude that the overall capitalization rate should reflect this factor.

One final factor affecting the selection of a capitalization rate is that the income stream is level under the head lease for the next three years and only rises in the fourth year at 1% per annum. Apartment investors obviously count on periodic adjustments of rents to improve the profitability of the investment and promote capital appreciation. This opportunity does not exist in the subject instance, and hence, an investor would be justified in demanding a higher immediate return as compensation for deprived of flexibility.

Considering all available data and carefully weighing the complex factors, we would conclude that the overall capitalization rate applicable in the subject instance is 9%.

Direct Capitalization

Given the annual lease payment of \$ 1,874,879 net, the market value of the property may be computed . . .

thus,	$\frac{\$\ 1,874,879}{9\%} \times 100$	\$ 20,831,989
which may be rounded to		\$ 20,830,000

FINAL ESTIMATE OF MARKET VALUE

After carefully weighing and analyzing all available data, we would conclude that the market value of the within described real property as of November 5th, 1982, was . . .

TWENTY MILLION EIGHT HUNDRED AND THIRTY THOUSAND DOLLARS

($ 20,830,000.00)

CERTIFICATION

We hereby certify that we have personally inspected the within described real property. That to the best of our knowledge and belief the information and data used herein are true and correct.

That we have no interest, present or prospective, therein. That neither the employment to make the appraisal nor the compensation is contingent on the amount of valuation reported.

And that this appraisal report was prepared in conformity to the rules of professional ethics of the Appraisal Institute of Canada.

Respectfully submitted,
H.J. MOEHRING & ASSOCIATES

Hans J. Moehring, BA, AACI, FRI

R. HILTON AND ASSOCIATES

R. Hilton

R. Hilton, AACI, SRPA, SR/WA

JOHNSTON/LeBAR & ASSOCIATES

L.F. LeBar

Lorne F. LeBar, AACI

ADDENDA SECTION

BUILD 9

	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
G-RENT	2671488	3205786	3398133	3602021	3818142	4047230	4290064	4547468	4820316	5109535
VACANCY	40072	48087	50972	54030	57272	60708	64321	68212	72305	76643
SUB	2631416	3157699	3347161	3547990	3760870	3986522	4225713	4479256	4748011	5032892
MTCE	245384	269922	296915	326606	359267	395193	434713	478184	526002	578603
MGT	133574	160289	169907	180101	190907	202362	214503	227373	241016	255477
REC CEN		0	0	0	0	0	0	0	0	0
TAXES	462347	508582	559440	615384	676922	744614	819076	900984	991082	1090190
UTIL.	200867	220954	243049	267354	294089	323498	355848	391433	430576	473634
LEASE	34088	37497	41246	45371	49908	54899	60389	66428	73071	80378
INSUR	63375	69713	76684	84352	92787	102066	112273	123500	135850	149435
SUB-TOT	1139635	1266956	1387240	1519168	1663881	1822633	1996802	2187902	2397397	2627716
B-4 INT	1491780	1890742	1959920	2028822	2096989	2163889	2228912	2291354	2350415	2405176
INT EXP.	1767454	1754175	1739256	1722492	1703657	1682493	1658714	1631996	1601975	1568244
NET INC	-275674	136567	220664	306330	393332	481396	570198	659358	748440	836932

TEN YEAR PROJECTIONS

LAND LEASE

Inst #
72922 EM.
dated Aug. 18/64
Reg. Feb 66

THIS INDENTURE made this 18th day of August, one thousand nine hundred and sixty-four.

B E T W E E N:

SUN LIFE ASSURANCE COMPANY OF CANADA, a corporation organized under the laws of Canada, and having its head office in the City of Montreal, in the Province of Quebec,

(hereinafter called the "Lessor")

OF THE FIRST PART,

\- and -

ALDON DEVELOPMENTS LIMITED, a corporation incorporated under the laws of the Province of Ontario,

(hereinafter called the "Lessee")

OF THE SECOND PART.

Demised Premises

1\. WITNESSETH that in consideration of the rents, covenants and agreements hereinafter reserved and contained on the part of the Lessee to be paid, observed and performed the Lessor has demised and leased and by these presents doth demise and lease unto the Lessee all and singular that certain parcel or tract of land and premises described in Schedule A hereto which lands and premises exclusive of any buildings, improvements and other structures now or hereafter thereon or therein are hereinafter referred to as the "demised premises".

Term

2\. TO HAVE AND TO HOLD the demised premises for and during the term of one hundred and twenty (120) years and fourteen (14) days to be computed from and inclusive of the 18th day of August, 1964, and from thenceforth next ensuing and fully to be completed and ended on the last day of August, 2084.

Rent

3\. (a) YIELDING AND PAYING THEREFOR unto the Lessor yearly and every year during the first thirty-five (35) years and fourteen (14) days of the term hereby demised (namely from the 18th day of August, 1964, to and including the last day of August, 1999) a rental at the yearly rate of Sixty-three Thousand Three Hundred and Seventy-five Dollars ($63,375) of lawful money of Canada to be paid in equal monthly instalments of Five Thousand Two Hundred and Eighty-one Dollars and Twenty-five Cents ($5,281.25) on the first day of each

and every month in advance during the said period except that the first such payment shall be in the amount of Two Thousand Four Hundred and Thirty Dollars and Eighty-two Cents ($2,430.82) and shall be made on the date hereof.

(b) AND FURTHER YIELDING AND PAYING THEREFOR unto the Lessor yearly and every year during the following respective periods of the term hereby demised:

(i) the period of twenty-five (25) years next ensuing, namely the period from the first day of September, 1999, to and including the last day of August, 2024;

(ii) the period of twenty (20) years next ensuing immediately, namely the period from the first day of September, 2024, to and including the last day of August, 2044;

(iii) the period of twenty (20) years next ensuing, namely the period from the first day of September 2044, to and including the last day of August 2064; and

(iv) the remainder of the term hereby demised namely the period from the first day of September, 2064, to and including the last day of August, 2084;

the respective amounts to be agreed upon between the Lessor and the Lessee or determined as provided in clause (c) of this provision numbered 3 for each of the said periods respectively. The said yea[illegible] rentals shall be payable in equal monthly instalments in advance on the first day of each and every month in advance during the said respective periods.

(c) The yearly rental for the respective periods referred to in clause (b) of this provision numbered 3 shall be the sum of Sixty-three Thousand Three Hundred and Seventy-five Dollars ($63,375) of lawful money of Canada increased (but not decreased) in the proportion that the average of the official Consumer Price Index (hereinafter referred to as the "said Index") for Canada of goods and services relating to the urban population published by the Dominion Bureau of Statistics (or the then recognized statistical branch of the Canadian Government) for the three (3) years ended six (6) months immediately prior to the commencement of the period for wh[illegible] the rent is being determined shall bear to 131.75, being the mon[illegible]

average of the said Index for the three (3) year period ended May 31, 1964. In the event that a new index is substituted by the Dominion Bureau of Statistics (or the then recognized statistical branch of the Canadian Government) for the said Index, such new Index shall be used in place of the said Index in determining the yearly rentals for the respective periods referred to in clause (b) of this provision, provided that the new index is linked to the said Index by statistical procedures officially approved by the Dominion Bureau of Statistics (or the then recognized statistical branch of the Canadian Government). In the event that the said Index is not in existence and a new index has not been substituted therefor as herein provided so that the rental for any of the periods referred to in clause (b) of this provision numbered 3 cannot be determined with reference thereto and if the Lessor and the Lessee shall not have agreed in writing at least four (4) months prior to the commencement of such period as to the rental to be payable hereunder during such period the yearly rental payable during such period shall be the sum of Sixty-three Thousand Three Hundred and Seventy-five Dollars ($63,375) increased (but not decreased) in the proportion that the average purchasing value of the Canadian dollar for the three (3) year peiod ended six (6) months prior to the commencement of such period as determined by arbitration as hereinafter provided is less than the average purchasing value of the Canadian dollar for the three (3) year period ended May 31, 1964 as determined by arbitration as hereinafter provided. Either party may not more than four (4) months prior to the commencement of such period notify the other in writing of the necessity to refer the rental adjustment to arbitration and state the name of its nominee as arbitrator. Within ten (10) days after receipt of such notice the party receiving it shall give notice to the other party of its nominee as arbitrator and the two arbitrators so named shall within ten (10) days after the appointment of the second of them agree upon a third arbitrator who shall be Chairman of the arbitration panel. In the event that the party receiving the said notice shall not give notice to the other party of its nominee as arbitrato:

within the said period of ten (10) days the nominee of the party who shall have given the said notice shall proceed as thesole member of the arbitration panel and his decision shall be final and binding upon the parties hereto. If the two (2) arbitrators first named are unable to agree upon the choice of a third arbitrator within the period referred to above, either party may apply to a Judge of the Supreme Court of Ontario who is hereby authorized and empowered to appoint a third arbitrator. The decision of any two (2) of the three (3) arbitrators shall be deemed to be the decision of the entire panel and shall be final and binding on all parties in interest and shall not be subject to appeal to or review or revision in any court in any jurisdiction. The costs of any such arbitration shall be paid equally by the Lessor and the Lessee.

Notwithstanding anything herein contained the yearly rental payable during any of the periods referred to in clause (b) of this provision numbered 3 shall not be less than Sixty-three Thousand Three Hundred and Seventy-five Dollars ($63,375).

Either the Lessor or the Lessee may at any time request the other to consider substituting another price index for the said Index referred to above for the purpose of adjusting the rental payable hereunder for the periods referred to in clause (b) of this provision numbered 3 and if both the Lessor and the Lessee agree in writing that such proposed index would be a better measure of the changing value of the Canadian dollar such proposed index shall be substituted on such basis as the Lessor and the Lessee agree to in writing for the said Index for the purposes of this clause (c) of this provision numbered 3. In choosing the alternative Index both parties shall be guided by the advice of the Dominion Statistician (or the Chief Officer of the then recognized Statistical Branch of the Canadian Government) as to the comparatiyity of such Index.

Lessee to Pay Rent

4. The Lessee will during the term pay unto the Lessor the rent hereby reserved in the manner hereinbefore mentioned without any deducation, abatement or set-off whatsoever. All rent in arr shall bear interest at the rate of six and one-half per centum (6½%) per annum.

..., etc. 5. The Lessee will in each and every year during the said term pay and discharge when due all taxes, rates, duties and assessments that may be levied, rated, charged or assessed against the demised premises and all buildings, structures, fixtures, fixed equipment and facilities thereon and therein, and will in each and every year during the said term pay and discharge when due every tax and license fee in respect of any business carried on therein, or in respect of the occupancy of the demised premises or the buildings and structures thereon by the Lessee which shall constitute a charge upon the demised premises and/or the buildings, improvements, structures thereon or therein or any part thereof, whether such taxes, rates, charges, duties, assessments or license fees are charged by any municipal, parliamentary, school or other body and whether or not of a kind now existing or within the contemplation of the parties hereto, and will pay all charges for electric current, water and other rates in connection with any such business or occupancy which shall constitute a charge as aforesaid. The Lessee will indemnify and keep indemnified the Lessor from and against payment of all loss, costs, charges and expenses occasioned by or arising from any and every such tax, rate, duty, charge, assessment and license fee. In the event of non-payment by the Lessee of any of the above taxes, rates, duties, charges, assessments and fees as and when the same may becom due the Lessor may pay the same and the amount thereof shall be deemed to be rent and the Lessor may add such amount together with any penalties, interest or charges in connection therewith, and int est at the rate of six and one-half per centum (6½%) per annum from the date of payment by the Lessor, to the rent due for the next ensuing month, and default in payment thereof shall constitute defaul in payment of rent hereunder. The Lessee shall furnish to the Less upon request official tax receipts or other evidence of payment reasonably satisfactory to the Lessor.

The Lessee shall have the right by appropriate legal pro ceedings to contest or apply for the reduction of the amount or mo of payment of any such taxes, rates, duties, charges, assessments license fees and the Lessor shall, at the request and expense of t Lessee, join in any such legal proceedings, provided such proceed

APPRAISERS' QUALIFICATIONS

QUALIFICATIONS

HANS J. MOEHRING, BA, AACI, FRI

Present Position

President and Appraiser of H.J. Moehring & Associates, Division of Moehring Investment Corporation

Previous Positions

Appraiser and President of Brenmore Associates Incorporated from October 1974 to August 1978.

Appraiser and President of Fenamore Real Estate Limited from September 1972 to October 1974.

Appraiser and Vice-President of Strung Real Estate Limited from September 1968 to August 1972.

Commercial Real Estate Salesman with H. Keith Limited from October 1966 to August 1968.

Securities Salesman with Draper, Dobie and Bache & Company from September 1962 to September 1966.

Professional Experience

Financial Analysis, Portfolio Management and Securities Sales from 1962 to 1966.

Commercial Real Estate Sales, Leasing, Consultations and Appraisals from 1966 to 1968.

Appraisal and Consultation Assignments from 1968 to 1973

Property Management, Mortgage Financing, Investment Property Sales, Feasiblity Studies, Appraisals and Consultations from 1973 to present.

Teaching Experience

Commercial Real Estate and Appraisal Courses & Seminars

Georgian Bay College
Sheridan College - Oakville, Mississauga & Brampton
Centennial College
Ryerson Polytechnical Institute

Appraisal Assignments

Residential Properties.
Farms and Rural Properties.
Rental Apartments and Condominium Complexes.
Residential, Commercial and Industrial Land.
Residential & Industrial Subdivisions, Development Sites.
Lakeshore and Recreational Properties.
Motels and Hotels.
Retail Commercial Properties, Plazas and Shopping Centres.
Office Buildings.
Warehouse Properties and Factories.
Special Purpose Properties, such as Churches, Tanneries, Iron Foundries, etc.
Business Valuations.

Memberships

Appraisal Institute of Canada.
The Real Estate Institute of Canada.
The Urban Land Institute.

Educational Background

Secondary Education: West Germany & Ontario Grade XIII
University of Toronto: BA Degree.
York University Real Estate Programme: FRI Designation.
Appraisal Institute Courses: AACI Designation.
Numerous Courses and Seminars covering such subjects as Environmental Studies, Property Management, Commercial Law, Urban & Regional Planning, Transportation, Statistical Analysis, Building Cost Estimates, Condominium Development, etc.

QUALIFICATIONS OF R.T.C. HILTON

A.A.C.I., S.R.P.A.,

ONTARIO LAND ECONOMIST

PROFESSIONAL STATUS:

MEMBER OF:

APPRAISAL INSTITUTE OF CANADA
Accredited Member

SOCIETY OF REAL ESTATE APPRAISERS
Senior Member

ASSOCIATION OF ONTARIO LAND ECONOMISTS
Corporate Member

AMERICAN RIGHT-OF-WAY ASSOCIATION
Senior Member

Registered Real Estate Broker for the Province of Ontario.

TORONTO REAL ESTATE BOARD

ONTARIO ASSOCIATION OF REAL ESTATE BOARDS

CANADIAN ASSOCIATION OF REAL ESTATE BOARDS

NATIONAL ASSOCIATION OF REAL ESTATE BOARDS

Professionally employed in the real estate and mortgage appraisal field since 1952 with experience in the appraisal and management of residential, commercial and industrial properties in Metropolitan Toronto and Southern Ontario. During the early part of this period, selling, leasing and financing experience was obtained as many assignments involved the valuation and sale of all types of estate and private properties.

During a three year period, appraisal assignments were carried out in Montreal and surrounding areas. While residing and working in Montreal, acted as Chairman of the Education Committee of the Appraisal Institute of Canada, Montreal Chapter, and in this capacity lectured and directed in Parts I and II courses, and conducted a demonstration appraisal course on single family residences at McGill University and Mechanics Institute.

Returned to reside in Toronto in 1963 and since this time, carried on and supervised appraisals in Metropolitan Toronto and surrounding areas, as well as many areas in Southern Ontario from Windsor to Kingston.

Has appeared as an expert witness in courts of arbitration on real estate valuations.

QUALIFICATIONS

Lorne F. LeBar, A.A.C.I.

Present Position

President - Johnston/LeBar and Associates Inc.

Prior Positions

Vice-President Real Estate Financing

Ontario Trust Company

1974 - 1976

Senior Underwriter

The Mortgage Insurance Company of Canada

1972 - 1974

Senior Regional Inspector

The Metropolitan Life Insurance Company

1969 - 1972

Senior Appraiser

The Excelsior Life Insurance Company

1960 - 1969

Real Estate Sales

Shorthill and Hodgkins Real Estate Company

1956 - 1960

Letter dated October 25, 1982 from Broadhurst & Ball to Moehring

BROADHURST & BALL
Barristers & Solicitors
Trade Mark Agents

PETER A. BROADHURST
DAVID A. ALLPORT, Q.C.
GARTH D. WALKDEN
EUGENE J. A. GIERCZAK
JOHN J. BALL
DONALD J. BROWN, Q.C.
RONALD G. BURK
MARY J. MAIN

TELEPHONE (416) 275-3511
TELEX 06-960414
CABLE ADDRESS "BROADLAW"

SUITE 1250
MISSISSAUGA EXECUTIVE CENTRE
TWO ROBERT SPECK PARKWAY
MISSISSAUGA, ONTARIO
L4Z 1H8

October 25, 1982.

H. J. Moehring & Associates,
223 Carlton Street,
Toronto, Ontario.
M5A 2L2

PERSONAL AND CONFIDENTIAL

ATTENTION: Gerald Rose, Esquire

RE: Purchase of 26 properties

Dear Sirs:

We are the Solicitors representing Kitamura, Yates, Margolis, Mastin and Champagne, Counsel for the purchasers of the hereinafter listed 26 properties and in particular, Mr. William Lehun.

We have been requested to provide the following data:

	PROPERTY:	SELLING PRICE:
1.	Parkway Forest	80,721,200.
2.	Horizon House	8,204,659.
3.	Horizon Village	11,502,300.
4.	Summit Place	9,619,250.
5.	The Towne	20,188,042.
6.	Bretton Place,	34,407,977.
7.	Rosedale East	23,117,809.
8.	Hampton House	20,676,982.
9.	Park Place	83,261,505.
10.	Grenadier Square	27,094,477.
11.	Rosebury Square	46,448,070.
12.	University City	63,496,368.
13.	Clintwood Court	2,603,999.
14.	Ivordale	2,225,707.
15.	Maisonette Apartments	3,453,530.
16.	Ainsley Court	1,612,867.
17.	Craighton Court	4,097,345.
18.	Charlton Court	3,823,280.
19.	Don Ridge Towers	2,393,772.
20.	Forest Grove	5,254,203.
21.	Humber Ridge	3,829,402.
22.	Morningstar	6,494,164.
23.	Arbour Green	5,705,403.
24.	Sir John's Glen	4,867,314.
25.	Millway Village	9,849,599.
26.	Bay Charles	15,050,776.

Each property will be financed by wrap around mortgage in the amount of 75% of the purchase price with interest at 12% per annum calculated half-yearly not in advance, written for a 10 year term, with repayment on a 25 year amortization.

The properties will each be leased under a Head Lease to Kilderkin Investments Ltd. with yield to the purchase/Lessor based on the 25% equity in each property on a net net basis, nil for each of the first three years, then escalating at the rate of 1% per year over the ensuing seven years (1 to 7%) payable annually in arrears.

We trust the foregoing is the information you require for your purposes, however, if we may assist further do not hesitate to give the writer a call.

Yours very truly,

BROADHURST & BALL

DAVID A. ALLPORT Q.C.
/fp

APPENDIX
PART 4 OF 5

Report of the Special Examination
by James A. Morrison F.C.A.

of

CROWN TRUST COMPANY
GREYMAC TRUST COMPANY
SEAWAY TRUST COMPANY
GREYMAC MORTGAGE CORPORATION
AND
SEAWAY MORTGAGE CORPORATION

to

The Honorable Robert G. Elgie M.D.
Minister of Consumer and Commercial Relations
Province of Ontario

June 1983

Touche Ross

REPORT OF JAMES A. MORRISON F.C.A.

to the Minister of Consumer and Commercial Relations, pursuant to Section 152 of the Loan and Trust Corporations Act, R.S.O. 1980, Chapter 249.

JUNE 30, 1983

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Letter dated January 7, 1983 from A.E. LePage to the Registrar re Moehring/Hilton/LeBar appraisals

A. E. LePAGE

Commercial Real Estate Services
Appraisal Division
2300 Yonge Street
Suite 2801, Box 2380
Toronto, Ontario M4P 1E4
Tel (416) 484-6141
Telex 06-23330

January 7, 1983

Ministry of Consumer & Commercial Relations
555 Yonge Street
Toronto, Ontario
M7A 2H6

Attention: Mr. M.A. Thompson,
Executive Director of Financial Institutions Division

Dear Sir:

Preamble

The purpose of this letter is to comment upon certain appraisal reports which were provided to us. The reports pertained to the valuation of the former rental apartment portfolio of Cadillac Fairview and were utilized as a basis for the provision of mortgage financing. We were provided with two appraisal reports with the total value of the real estate being $95,160,000. Touche, Ross Ltd. informed us that these reports could be considered as fully representative of all of the appraisals completed on the remaining properties in the portfolio.

In addition, we were requested to overview the rationale and figures employed by the financial advisors to Cadillac Fairview in their conclusions as to the value of the rental apartment portfolio. Regarding this exercise, we were provided with information in a synopsized format without having the opportunity to examine any calculations in detail. However, we feel that a review of this limited information was sufficient for us to make certain pertinent observations as to the validity of the approach and the values suggested.

APPRAISAL REPORTS

Before discussing the appraisal reports which we studied, it is necessary to distinguish two terms which might be considered to be interchangeable in the discussion of the valuation of the rental apartment portfolios. The two terms in question may be defined as follows:

Market Price - "The price paid for a property; the amount of money that must be given or which may be obtained at the market in exchange under the immediate conditions existing at a certain date. The price paid for property regardless of pressures, motives or intelligence." (Appraisal Terminology and Handbook)

Market Value - "The highest price estimated in terms of money which a property will bring if exposed for sale on the open market allowing a reasonable period of time to find a purchaser who buys with the knowledge of all the uses to which it is adapted and for which it is capable of being used." (Appraisal Terminology and Handbook)

Thus, it can be seen that there is a basic difference between "Value" and "Price", since the former is based upon a consistent set of criteria, while the latter is subject to a wide range of variables, which can alter the selling price either upward or downward. This discussion of definitions should be further expanded because the purpose of the appraisal report studied was to arrive at market value for financing and/or investment purposes.

In the context of an appraisal for financing purposes, the above definition of market value can be further refined as being:

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> "The maximum amount in dollars that a prudent purchaser, well-informed as to the potential benefits of ownership, and buying the subject property for the right to enjoy such benefits, would be justified in paying for it as of the effective date of appraisal on the following terms: cash down to the maximum available ratio of mortgage loan to purchase price, with such loan at the prevailing rate of interest, and with the provision for a sufficient periodic amortization to protect the margin of security against future decline in value from all cases." (Encyclopedia of Real Estate Appraising, Third Edition, Page 1099)

Such a definition outlines the motivation of both the purchaser and the lender. The lender is, however, also concerned with the possibility of the borrower defaulting and the market value that can be realized in the open market upon disposition of the property. In essence, what is important in reviewing the appraisal reports is to see if they reflect, in our opinion, the normal rationale employed by appraisers in establishing market value, within the above definitions, for the purpose of advancing mortgage funds.

In reviewing the appraisals, it is noted that the basic rationale used in arriving at market value is the capitalization of a number of defined head lease income streams into a value estimate. We have, therefore, written our comments down under the following headings, viz:

. . . . 4

a) Head Leases

As mentioned earlier, the properties studied are subject to head leases. The method of determining the rent under such a head lease is not clearly defined in the appraisal reports. Given that the lease payments are specific figures, it appears that a predetermined formula has been utilized which may be tied to the proposed financing arrangement, however, this is not definitively stated in the reports.

In the appraisal reports there is no direct attempt to relate the head lease payments to the income producing capability of the real estate. There is only reference to projected net income figures, based upon certain assumptions that will be discussed later, in order to illustrate that the head lease payments could be covered by the projected net income in the second or third year of ownership.

The head lease documents and contracted relationship, basically encompasses two items:

(i) The market value of the real estate;

(ii) The covenant of the head lessee.

In the case of the valuations studied, the covenant item is extremely important since it would appear that the support rationale illustrated by the net income projections relies greatly upon the entrepreneurial skill of the head lessee to achieve certain rental increases and generally maximize net income.

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Whether the amount stipulated under the head lease is considered reasonable, in terms of net income projections, is not the principle criteria in preparing a valuation for lending purposes. What is important is whether the real estate can:

(i) Support the debt service payments;

(ii) On default of the mortgagor, the properties can be sold in order to achieve sufficient cash to cover adequately the mortgage funds advanced.

Whatever the covenant or experience of the head lessee, the mortgage lender and the valuer are concerned with net incomes that might reasonably be achieved and not with highly speculative projections which may or may not be ultimately attained. We would conclude that it is appropriate to value the real estate studied on the basis of anticipated net income flows, rather than considering head lease documents which may be based upon speculative expectations and which have no direct relationship to the revenue capability of the real estate.

b) Income Projections

The analysis of the current and, more particularly, the future income potential of the properties was carried out in order to validate the rent paid under the head lease. On the basis of certain assumptions the shortfall between the net income and the head lease rent in the first few years would be offset by significant gains in later years. The assumptions generally resulted in a significant increase in the net income through the maximizing of the rental income and the controlling of the operating expenses.

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The focal point of the income analysis is the increasing of the gross rental income. The appraisals made reference to projections having been made for the properties which indicated a 25% increase in each of the first two years, 8% in the third year and 6% in subsequent years. The source of these rental projections is not clear, although the text does refer to the fact that increased rentals, over the 6% limit, can be justified as a result of financing considerations.

The magnitude of the increases, in comparison with averages available in the marketplace, would appear extremely high. Since there is no direct and clear rationalization for increases at the levels proposed, they could be construed as being speculative in nature, especially when one considers that they would have the practical effect of raising rents an average of 56.25% (2 years @ 25% compounded) over a two year period.

We would conclude that these rental projections would carry a significant degree of risk. Wherever a high degree of risk is involved, over and above the normal level of the marketplace, investors and mortgagees take this into consideration in discounting potential revenues. In the case of the valuations which were studied, there is no discount applied for the risk factor regarding the projected rent increases.

c) <u>Operating Expenses</u>

In the reports studied, it was estimated that the operating expenses would increase at what we would consider to be a reasonable level throughout their projection period. However, it was noted that the base figure for the calculation of the maintenance item for the first fiscal year of operation (1983) would be the same as 1981. This situation is

rationalized by the ability of the new property management organization being able to effectively reduce the cost of the management without affecting the level of service. Further, during this first fiscal year of operation, it was proposed that realty taxes would only increase by 6%, based upon proposed Government objectives.

The adjustments made in the appraisals for both the maintenance and realty taxes for 1983 and onwards are deviations from the established economic performance of the portfolio. No supportive data has been provided regarding justification for keeping maintenance costs static, for ostensibly two years. Certainly, Government objectives have been widely publicized regarding realty taxes and some allowance should be made. It is our opinion that the above assumptions regarding maintenance and realty taxes carry a degree of risk, which is neither referenced or quantified in the reports.

Further, these anticipated savings are to be carried out in a period when it is proposed that rent increases would amount to 56.25% over two years. The interaction of these proposed measures compound the risk element but there is no rationalization of the potential effect of these measures in tandem upon the operation and revenue producing capability of the portfolio.

The vacancy allowance of 1.5% referenced in the appraisals is certainly in line with overall figures for Metropolitan Toronto. There is no discussion as to the potential impact of rent increases of 56.25% in two years upon vacancy levels through tenant roll-overs, potential rental strikes and general market resistance. It can be anticipated that costs for legal representation while applying for rent increases could be substantial.

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d) Method of Capitalization

In determining the appropriate overall or direct capitalization rate an analysis of sales of comparable multi-tenant residential properties was carried out by the appraisers. While this is certainly appropriate if the resultant rate were to be applied to the stabilized net operating income of the property, such a rate is not applicable to the rent stipulated under head leases. The head leases appear to have no direct relationship to the potential net income flows generated by the real estate component.

The direct capitalization rate of 9.0% was determined by comparing the net incomes of buildings (as of the date of sale) with the indicated sale prices. Such rates reflect not only the current income but the anticipated increases in income, known as rent reversions, in subsequent years. The derived capitalization rate would be an acceptable factor to apply to net income flows produced by the property portfolios, as of the date of appraisal.

In any consideration of a valuation of the head lease, the rate of return demanded by an investor would be based, as stated earlier, on the following factors:

(a) Market value of real estate assets;

(b) Covenant of Head Lessee.

Where there was a high degree of risk involved in the projected income streams and operating expenses underlying the price paid for the real estate, it is reasonable to assume that the returns demanded by an investor would be increased in direct proportion to the risk.

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From the standpoint of a mortgagee and an appraisal carried out for financing purposes, the principle factor of concern is the market value of the real estate assets. The covenant of the head lessee is not important since the underlying rationale for the market value estimate, in this context, is the ability of the real estate to service the debt and the security of the real estate resale value against the debt, if the mortgagor defaults.

There is obviously some variation in the degree of risk which might be considered "normal" by both appraisers and mortgagees in financing situations. However, the prudent advancement of mortgage funds is rarely based upon speculative or high risk situations since the mortgagee has basically the same approach as an investor where increased risk dictates a greater discounting of value.

Finally, in the discussion of the head lease capitalization approach, we should also add that the rate used was applied to the first year head lease rental in perpetuity. There was no rationalization of the fact that the head lease was predicated on a 10 year term with minimal annual increases in return (zero in the first three years). Further, there was no discussion of the reversionary interest in the property at the end of the ten year holding period.

e) Report Format

As a general rule, appraisals prepared for lending institutions require an analysis of comparable market transactions. Even if the units being valued are considered superior to comparable sales in the market place, such an analysis is required to provide some reliable benchmarks of value to the mortgagee.

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With specific reference to multi-unit residential properties, an analysis of sales is usually included with an emphasis on such units of comparison as "price per suite" and "gross income multiplier" (G.I.M.).

If it is assumed that, as of the date of appraisal, the subject property had the potential for substantial rental increases, then it is reasonable to conclude that at least some of the comparable sales would also have the potential for increasing rental income. On this basis, it would therefore be reasonable to apply a factor, such as a gross income multiplier, as determined from the analysis, to the actual gross income of the subject property before making projected rental increases.

It should be emphasized that such factors as a gross income multiplier or an overall capitalization rate, should be applied to the gross income and the net operating income respectively of the subject property and not to the income flows generated under a head lease agreement.

Finally, an important aspect with regard to any appraisal prepared for lending purposes appears to have been ignored. Specifically, this is the consideration of the net cash flow of a property in relation to a debt service expense. A potential lender considers this relationship with regard to the amount of cash available for servicing the debt. The lack of a detailed income analysis, including details of property financing and debt charges, is considered a major weakness in the appraisals studied.

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We have also reviewed work performed by financial advisors to Cadillac Fairview prior to the initial sale of the block of rental units. The selling procedure adopted by Cadillac Fairview comprised an initial canvas of the investment real estate market to determine relevant market conditions, current investment criteria, etc.

As a result of these consultations, certain trends and rates were indicated and these were tested in the market place by offering four of the larger properties for sale with four major real estate brokerage firms. Subsequently, a number of smaller properties were offered to the market on an open listing basis.

It would appear that the trends indicated by the above exercises enabled the advisors to apply certain estimates and assumptions to the revenue, expenses, and financing figures generated by the portfolio in order to arrive at a reasonable selling price.

In terms of the revenue projections, obviously the refinancing of the portfolio has a direct impact on the level of potential rental increases. The advisors made certain assumptions as to the necessity and level of existing and secondary refinancing, with these projections appearing reasonable in our estimation.

The impact of this projected refinancing upon the gross revenue generated by the portfolio, over an initial three year period, was calculated by the advisors. The magnitude of the increases was considered to be realistic, both in terms of potential market acceptability and comparable rental increases in other rental units.

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In discussing the operating expenses, which basically include realty taxes, heating, management, etc., the rate of increase employed by Cadillac Fairview advisors appears realistic.

From the above comments, it is obvious that we could find no major disagreement with the figures employed by the financial advisors nor with their basic rationale or approach to the marketplace. We did not regard their assumptions as being particularly conservative, which is not unexpected since they were performing the valuation exercise for a sophisticated vendor who would be looking for a maximum return.

Summary

As a result of our overview, we would make the following points in summary, viz:

(1) Market Price and Market Value are not, by definition, synonymous terms. The potential difference between market price and market value are compounded when the market value estimate is to be prepared for mortgage financing purposes.

(2) Many of the key elements in the appraisal reports, notably the head lease, rental increase projections, operating expense projections, etc., are subject to certain assumptions. We consider that these assumptions can be characterized as speculative and that the risk factor associated with such projections has not been adequately evaluated or quantified in the appraisal report.

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(3) We would consider that in an appraisal prepared for the purposes of securing mortgage financing the market value estimates should be based upon existing cash flows and expenses, with any proposed variations to these figures being substantiated by empirical data from the market place.

(4) Notwithstanding any perceived deficiencies in the data employed in the appraisals, or the apparent lack of substantiation, the essence of the valuation is that they equate the capitalized value of head leases to the market value of the real estate. There is, however, no justification for this assertion based upon the information contained in the appraisal reports.

(5) The line of reasoning in the foregoing (#4) leads us to the conclusion that the reports demonstrate a relationship between the head leases and the market price of the real estate. However, there is no proven or substantiated relationship between the head leases and the market value of the real estate.

Since one of the stated functions of the appraisal reports was to provide an estimate of market value for financing purposes, it follows that the methodology employed of capitalizing the head lease payments does not fulfill this stated function. It is our contention that the most appropriate method of valuation would have been the capitalization of the net income generated by the portfolio, with any assumptions as to financing, rental increases or operating expenses being fully rationalized, supported by data and reflecting "normal" levels of risk acceptable in the market place.

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(6) In regard to the overview of the financial advice provided to Cadillac Fairview prior to their original sale, our comments will be relatively brief. We have stated in this letter that most of their assumptions appear to be based upon the observed actions and attitudes of typical investors in the market and are consistent with our own experiences.

In fact, the vendor, by adopting the sampling strategy, appears to have fully tested the reaction of the market. The valuation figures supplied by the financial advisors are within the range indicated by the market, possibly being characterized as optimistic, which is not surprising considering that the values were being used for disposition purposes.

In conclusion, we would point out that all of our comments relate to the historic information with which we were supplied. We do not have sufficient information to make any comments as to the current market value of the portfolio.

Yours truly
APPRAISAL DIVISION

Norman Height

R. Norman Height,
A.A.C.I., F.R.I.C.S., M.A.I.C.
Senior Appraisal Consultant

John C. O'Bryan
B.Sc. (Hons.), A.R.I.C.S., A.A.C.I.
Vice President & Chief Appraiser Canada

RNH:kaj

cc W.A. Dimma

Marketability Study of
MURB Packages prepared
by P. Jupp for Kilderkin

MARKETABILITY STUDY

OF M.U.R.B. PACKAGES

FOR:

KILDERKIN INVESTMENTS LIMITED

Prepared By:

P.R. JUPP, F.R.I., C.R.A., M.T.C.I.
President,
Philip R. Jupp Limited,
113 Sandringham Dr.,
Downsview, Ontario.

Philip R. Jupp Limited

REALTORS & APPRAISERS

113 SANDRINGHAM DR.,
DOWNSVIEW, ONTARIO,
M3H 1E2.

(416) 635-9466

Mr. W.C. Player,
President,
Kilderkin Investments Limited,
Suite 500,
165 Dundas St. W.,
Mississauga, Ontario.

Dec. 29,1981.

Re: Marketability Study of M.U.R.B. Packages:

Dear Sir;

Further to your recent instructions, an inspection of each of the properties, outlined on the following page, was carried out and an analysis of the M.U.R.B. packages for each property was undertaken for the purpose of establishing the marketing feasibility of the properties on the basis of the packages presented.

As a result of our investigations and analysis, we are pleased to enclosed herewith a   page report in which is contained our findings and conclusions, along with data gathered in our investigations, which to the best of our knowledge is correct, subject to the limiting conditions herein set out.

We appreciate the opportunity to be of service to you and we also enclose herewith our statement of account, which we trust you will find in order.

Respectfully Submitted;

PR Jupp

P.R.Jupp, F.R.I., C.R.A., M.T.C.I.,
President.

c.c. Greymac Mortgage Corporation,
Suite 2201,
390 Bay St.,
Toronto, Ontario,
Attn: Mr. L. Rosenberg.

PROPERTIES TO BE ANALYZED

1. 1701-3-5 McCowan Ave., Scarborough, Ontario.

2. 28 Donald St., Barrie, Ontario.

3. 634 Strassburg Rd., Kitchener, Ontario.

4. 550 Strassburg Rd., Kitchener, Ontario.

TABLE OF CONTENTS

Analysis of Subject M.U.R.B. Packages

TERMS OF REFERENCE

Purpose of the Report:

To submit an opinion as to the market-ability of the properties listed on the foregoing page on the basis of the M.U.R.B. packages presented.

Effective Date of the Report:

The effective date of this report will be November 30, 1981.

Scope of the Report:

Each of the properties included in this study was inspected in order to familiarize ourselves with the physical properties.

Research into the workings and tax advantages of the Federal Governments' "Multiple Unit Residential Building" (M.U.R.B.) program was carried out in order to determine its effect on the traditional definition of value in the current economic environment.

Market research was carried out in order to find sales of similar type properties marketed under the M.U.R.B. program, and an analysis of the marketing packages was undertaken. Research into market rental rates was also carried out for each general location.

From the above described inspection, investigation and analysis, an opinion as to the marketability of the subject packages has been formed with emphasis being placed on the price at which each property is to be marketed.

LIMITING AND CONTINGENT CONDITIONS

I assume no responsibility for matters which are legal in character, nor do I render any opinion as to the title, which is assumed to be good and marketable.

The pictures in this report are included to assist the reader in visualizing the property. I have made no survey of the property and assume no responsibility in connection with such matters.

I believe the information supplied to me by others, to be reliable, although I assume no responsibility for its accuracy.

Possession of this report, or a copy therof, does not carry with it the right to publish, nor may it be used for any purposes by anyone other than the client, without the previously written consent of the appraiser or the client, and in any event, only with proper qualifications.

I am not required to give testimony or attendance in Court by reason of this report, with reference to the properties in question, unless arrangements have been previously made therefore.

This report is a study as to the marketability of the properties in question according to the M.U.R.B. packages presented and not an appraisal as to their value.

Introduction:

Value is a complex phenomenon. Even with the present day knowledge of economics it is found difficult to settle conclusively upon the relevant significance of several factors which influence value. Nonetheless, there are two schools of economic thought that have been advocated by the great economists during the past few hundred years. These schools of thought have two main themes: one advocates that value is objective, therefore it is the quantity of an object which has value and the cost of its creation is the primary measure of value; the other advocates that value is subjective, therefore created in the minds of men by the feelings one has for the object.

In real estate circles however, it is generally the subjective premise that dominates. It may matter little what it may have cost to develop a property; it's value is measured through the present worth of all the future benefits that likely will accrue through its ownership.

Value may then be defined as the relationship between a thing desired and a potential purchaser. It is the present worth of future benefits arising from ownership. Money is the measure of value, but not value in itself.

While in dealing with real estate, there are many different types of value; an owner wanting to sell his property is interested in how much he can get; a prospective purchaser, the value of what he hopes to buy; the mortgage lender, the value of the security as a mortgage risk in order to ascertain the amount and the terms at which the loan may be safely made;

the investor, the value at which his returns will be optimized; and so on; the traditional definition of market value, being sought in the subject instance, is: "the highest price estimated in terms of money which a property will bring if exposed for sale in the open market allowing a reasonable time to find a purchaser who buys with full knowledge of all the uses to which it is adapted and for which it is capable of being used."

Many principles combine to make up the value concepts of real property. However, in accordance with our earlier definition of value- the present worth of future benefits - the Principle of Anticipation appears to have the greatest influence in this case. The Principle of Anticipation affirms that value originates by means of the anticipated benefits to be derived from ownership of the property in the future. For example; with the purchase of a house, the buyer anticipates such satisfying benefits as pleasureable living, a community environment conducive to raising a healthy family, pride of ownership and so on, accruing to him and his family in future years. With the purchase of an income producing property, the buyer anticipates a reasonable return on his investment over the years ahead in the form of a series of annual net income streams. The price a purchaser is willing to pay for a property is his conception of the present, discounted worth of the benefits anticipated.

Of the forces which influence value, the political and economic forces are of the greatest concern in the study. The Government of Canada attempts to maintain a calculated prosperity in the country by the manipulation of its tax, credit, and budgetary policies. Real estate - the storehouse of the nations wealth - is amoung the first to feel the effects of economic governmental action. For example; lowering interest rates causes a flood of new real estate development proposals; increases in personal income taxes creates a stronger market amoung investors as they seek tax shelters.

In these times of increasing inflation and escalating taxes, people are becoming increasingly concerned with their ability to become financially independent on their disposable income and savings alone. In this climate, the chance of accumulating greater net worth may be improved by taking advantage of tax deferral (shelter) opportunities permitted by Federal legislation. Therefore, the greater anticipated benefits accuring from government legislated, tax sheltered investments has altered the conventional market value. From the subjective viewpoint, then; value, with certain properties, can be defined as, the price at which the purchasers anticipated after tax position is optimized.

The objective viewpoint of value cannot be totally disregarded. The market affirms that the Principle of Substitution has a varying effect on value. This principle maintains that when a property is replaceable its value tends to be set at the cost of creating an equally desireable and valuable property, assuming no costly delay is encountered in making the substitution. In the consideration of costs, both direct and indirect costs must be accounted for, including that of interest on money invested during construction, the value of the purchasers own time in dealing with contractors and others, and all architectural and engineering fees, surveys, municipal levies and permits and so on.

The varying affects of the principle of substitution seem to be based on supply and demand. When supply of certain types of properties is low, but market demand for these properties is strong; purchasers tend to be willing to pay a premium for the convenience of immediate use of an in place structure. Where supply is excessive and a wide choice is offered to prospective purchasers, a discount, from the cost of creation, is frequently given by willing sellers.

Objectively speaking then, value of a property has either a direct or indirect relationship to the cost of its creation depending upon the relative positions of supply and demand at the time value is being determined. As at the date of this study, demand for tax sheltered investment in Multiple Unit Residential Buildings (M.U.R.B.) is strong, while the supply of qualified properties is low.

The Federal Governments' budget of November 12, 1981, recinded the "Multiple Unit Residential Building" program for structures which do not have their footings poured on or before December 31, 1981. The program, and its incentives, will continue for all properties certified as M.U.R.B. properties. As a result, the supply of certified M.U.R.B. properties available on the market will most probably decrease to a very scarce level over time. The demand is not expected to decrease.

Multiple Unit Residential Building:

Prior to 1972, persons in high income tax brackets could invest in residential real estate to shelter their ordinary income by setting off losses, creating a deferral and permitting retention of income; thus, creating a source of funds for paying the cost of property purchased, or the build up of other investments. Subsequent to the 1971 tax reform, an individual could only employ depreciation as a deduction against income from the property and not claim losses as deduction from other income. Amendments to the Income Tax Act implemented in 1974 created the Multiple Unit Residential Building, better known as M.U.R.B., which granted tax incentives to investors in qualified properties.

Multiple Unit Residential Building (M.U.R.B.) is a category of residential construction or a concept, which was created to encourage investment by the private sector in multiple unit residential development and stimulate the construction industry to alleviate the shortage of rental accomodation. In order to qualify as a M.U.R.B., a project must have received a certificate from Canada Mortgage and Housing Corporation (C.M.H.C.) stating that its footings were constructed on or after November 19, 1974, and prior to 1980, or after October 28, 1980 and prior to 1982. The building must have at least two rental units and not less than 80% of the building must provide rental accomodation, parking etc. The building may be highrise apartments, townhomes, or condominium rental units to a third party.

Accordingly then, the legislation permits the investor holding an interest in a M.U.R.B. capital property to deduct from his personal income, operating losses, certain first time costs and capital cost allowance at the prescribed rate on the defined

capital cost of the building, appliances and parking area. These deductions should result in losses to be applied against personal income; therefore, reducing income tax payable; a benefit not otherwise available to an individual as owner of income producing property.

The principle factor underlying the investment in a Multiple Unit Residential Building (M.U.R.B.) is to defer taxable income, however, as an investment the objective is also to earn cash income and realize capital appreciation. The investment in a M.U.R.B. provides income from tax savings, rental and equity build-up through mortgage principal reduction and potential income through appreciation as a hedge against inflation.

As a result of these future anticipated benefits, the marketing position of certified Multiple Unit Residential Buildings (M.U.R.B.) from a price standpoint, far exceeds that of conventional real estate due mainly to the tax deductible benefit derived by their nature; again, a benefit not otherwise available to an individual owner of conventional income properties.

As mentioned earlier in this report, the Federal Government, in its budget of November 12, 1981, recinded the "Multiple Unit Residential Building" (M.U.R.B.) program for all properties except those with footings poured prior to December 31, 1981. All of the properties analyzed as part of this study are certified M.U.R.B. properties and therefore the program and its incentives will continue to be applicable.

Illustrations of Comparable M.U.R.B. Package Sales:

1. Place IV , Mississauga is a luxury highrise rental apartment complex consisting of 260 suites averaging 1300 square feet for one bedroom apartments and 1700 square feet for two bedroom apartments.

The aggregate sale prices, including all guarantees ranged from $99,000. to $109,000. for the one bedroom suites and $132,500. to $142,500. for the two bedroom suites. Based on an average selling price of $120,000., the cash down payment totalled $30,000. and was payable $5,000. on closing and the balance by way of four promissory notes of: $10,000. due September 1, 1981; $5,000. due September 1, 1982; $5,000. due September 1, 1983; and $5,000. due on September 1, 1985. These promissory notes were to bear interest from September 1981 to September 1982 at 13% and thereafter at 14½% and were open for prepayment at any time.

The balance of the purchase price was made up by a first mortgage of $75,000. and a second mortgage of $15,000. Both the first and second mortgage were to bear interest at 13% for the period September 1981 to September 1982; thereafter being at the prevailing market rates for a further 1, 2 or 3 year terms and were repayable on the basis of a 30 year amortization.

The developer, the Kaneff Group, made the following guarantees;

1. Guarantee of completion of construction.
2. Guarantee of Condominium registration.
3. Guarantee of the first mortgage to the lender.
4. Guarantee of the first mortgage interest rate of 13% in the first year.
5. Guarantee of the common element fee during the first year.

6. Rent-up guarantee.
7. Guarantee of rental income for two years after condominium registration.
8. Rental Management services.

The Place IV apartment complex was certified as a Multiple Unit Residential Building (M.U.R.B.) and as such, each unit possessed the benefit of tax deduction of rental operating losses, first time costs, and capital cost allowance on the unit and appliances from the owners personal income (as described earlier in the report). The following Schedule of deductible costs, Pro Forma after tax cash flow schedule indicates the projected cumulative cash position of the purchaser for the five year following purchase.

The significant indication derived from these projections, which were contained in the promotional literature received by each purchaser, is that at the average price paid by purchasers of these units, the purchaser is willing to pay a price which will ultimately produce a negative net cash flow, after tax and down payment monies are paid, and therefore a negative cumulative cash position. However, the negative cash position is smaller than the amount of input by the purchaser in the first years, thus reducing the effective cash down payment from $30,000. to $5965. by 1985; the balance being paid by the Federal Government in the form of personal income tax reductions. This significant reduction in the effective cash down payment coupled with the anticipated continuation of the tax reduction benefit and anticipated capital growth appears: to motivate the buyer to pay a higher price than the conventional real estate value.

PLACE IV
SCHEDULE OF DEDUCTIBLE COSTS
BASED ON AN AVERAGE UNIT

	1980	1981	1982	1983	1984	1985	TOTAL
First Mortgage Guarantee Fee		42	188	188	188	144	750
Mortgage Commitment Fee	10	1,729					1,739
Mortgage Processing Fee	150						150
Prepayment of Interest							
First Mortgage		1,500					1,500
Second Mortgage		900					900
Mortgage Appraisal Fee	15						15
CMHC Fees	48	256					304
Legal Fees							
Construction Loan	58						58
Permanent Loan		200					200
Legal & Accounting Fees	80	170					250
Landscaping		775					775
Taxes During Construction	12	253					265
Insurance During Construction	4	35					39
Interest During Construction	510	6,645					7,155
Rent-Up Guarantee (2)		2,717	8,053	5,335			16,105
Gross Income Guarantee (2)		483	1,447	965			2,895
Operating Expenses During Lease-Up	150	1,200					1,350
Project Management Fee	250	2,200					
	$1,287	$19,105	$9,688	$6,488	$188	$144	$36,900

NOTES AND ASSUMPTIONS:

(1) Purchase assumed as at December 1, 1980.
(2) Available at Investor's Option.

PLACE IV
PRO FORMA INCOME STATEMENT FOR AVERAGE UNIT
SEPTEMBER, 1981 TO DECEMBER, 1985

	1981	1982	1983	1984	1985
GROSS RENTAL INCOME (1)	3,560	10,964	11,840	12,788	13,812
Less: Vacancy Allowance (2)			82	256	276
EFFECTIVE GROSS INCOME	3,560	10,964	11,758	12,532	13,536
OPERATING EXPENSES					
Realty Taxes (3)	430	1,404	1,534	1,672	1,823
Common Element Fee (4)	700	2,170	2,387	2,626	2,888
Interior Maintenance (4)	120	360	396	436	479
Rental Expenses (4)			120	396	436
Rental Management (5)	82	253	266	277	293
TOTAL OPERATING EXPENSES	1,332	4,187	4,703	5,407	5,919
NET INCOME BEFORE DEBT	2,228	6,777	7,055	7,125	7,617
DEBT SERVICE					
First Mortgage (6)	2,428	9,954	10,682	10,682	10,682
Second Mortgage (6)	486	1,992	2,142	2,142	2,321
Promissory Note (7)	488	1,824	1,269	725	544
TOTAL DEBT SERVICE	3,402	13,770	14,093	13,549	13,547
PRE TAX CASH FLOW (DEFICIENCY)	(1,174)	(6,993)	(7,038)	(6,424)	(5,930)

NOTES AND ASSUMPTIONS:

(1) Based on average monthly rent of $890 and increased at 8% per annum.
(2) Vacancy Allowance estimated at 2% commencing September 1983.
(3) Increased at 9% per annum.
(4) Increased at 10% per annum.
(5) Based on 4% of effective gross income less condominium management fee included in Common Element Fee.
(6) Based on 13%, 30 year amortization for September, 1981 to September, 1982 and at the assumed rate of 14½% thereafter.
(7) Based on 13% of the outstanding principal amount to September, 1982 and at the assumed rate of 14½% to 1985.

PLACE IV
PRO FORMA AFTER TAX CASH FLOW FOR AVERAGE UNIT

	1980	1981	1982	1983	1984	1985
LOSS FOR INCOME TAX PURPOSES						
Gross Taxable Income						
Pre Tax Cash Flow	0	(1,174)	(6,993)	(7,038)	(6,424)	(5,930)
Principal Paid: First Mortgage	0	54	220	203	233	264
Second Mortgage	0	11	44	37	42	54
Total Gross Taxable	0	(1,109)	(6,729)	(6,798)	(6,149)	(5,612)
Less: Capital Cost Allowance (1)	2,370	4,004	3,728	3,483	3,261	3,060
Deductible Costs (2)	1,287	19,105	9,688	6,488	188	144
Net Taxable Income (loss)	(3,657)	(24,218)	(20,145)	(16,769)	(9,598)	(8,816)
AFTER TAX CASH FLOW						
Pre Tax Cash Flow	0	(1,174)	(6,993)	(7,038)	(6,424)	(5,930)
Tax Savings (56% tax bracket)	2,048	13,562	11,281	9,391	5,375	4,937
Total After Tax Cash Flow	2,048	12,388	4,288	2,353	(1,049)	(993)
CASH POSITION AFTER INVESTMENT						
Total After Tax Cash Flow	2,048	12,388	4,288	2,353	(1,049)	(993)
Less: Cash Down Payment	5,000	10,000	5,000	5,000	0	0
Net Cash Position	(2,952)	2,388	(712)	(2,647)	(1,049)	(993)
Cumulative Cash Position	(2,952)	(564)	(1,276)	(3,923)	(4,972)	(5,965)

NOTES AND ASSUMPTIONS:

(1) Based on 50% building completion in 1980
(2) See Schedule of Deductible Costs

2. Windsor Point, Calgary, Alberta is a luxury lowrise apartment complex consisting of 121 suites; being 30 one bedroom units and 91 two bedroom units.

The aggregate sale prices, including all guarantees, ranged from $85,850. for one bedroom suites and $102,250. to $105,250. for two bedroom suites. Based on the sales of two bedroom units at $102,250., the cash down payment totalled $40,182. and was payable $6,000. on the subscription date and the balance by way of five promissory notes of: $8,000. due November 15, 1981; $8,000. due May 15, 1982; $8,000. due November 15, 1982; $7,000. due May 15, 1983; and $3182. due November 15, 1983. These promissory notes were to bear interest from closing at 1% above the annual prime bank interest rate.

The balance of the purchase price was made up by a conventional first mortgage of $59,568. and a second mortgage, in favour of the developer, of $2,500. Both the first and second mortgages were to bear interest at 13% in the first year following turnover; thereafter being at the prevailing market rates; and were repayable on the basis of a 30 year amortization.

The developer, The Imperial Group, made the following guarantees:

1. Guarantee of the first mortgage to the lender.
2. Guarantee of the first mortgage interest rate of 13% in the first year.
3. Guarantee of completion of construction.
4. Guarantee of development services.
5. Guarantee of 95% of the projected rental income in the first year.
6. Guarantee of cash flow loan to offset any deficiencies in the first 4 years. Loan to be paid back out of future cash flows.

The Windsor Point apartment complex was certified as a Multiple Unit Residential Building (M.U.R.B.) and as such, each unit possessed the benefit of tax deduction of rental operating losses, first time development costs, and capital cost allowance on the unit and appliances from the owners personal income (as described earlier in this report). The following schedules, entitled "Projected Cash Flow From Operations", and "Schedule of Projected Tax Savings and Investors Equity Requirements" indicate the projected cumulative cash position of the purchaser for the 10 years following purchase.

The significant indication derived from these projections, which were contained in the promotional literature received by each purchaser, again is that at the purchase price paid by purchasers of the type "B", "D" and "F" two bedroom units, the purchaser is willing to pay a price which will ultimately produce a negative net cash flow, in the first six years, after tax and down payment monies are paid, and therefore a negative cumulative cash position. However, as with Place IV, the negative cash position is smaller than the amount of input by the purchaser in the first years, thus reducing the effective cash down payment from $40,182. to $22,810. by 1983; the balance being paid by the Federal Government in the form of personal income tax reductions. Again, the net effect of the tax benefits is that the investor is able to accumulate ownership in real estate via dollars which would otherwise be paid in income tax.

WINDSOR POINT

PROJECTED CASH FLOW FROM OPERATIONS
TYPE 'B', 'D' + 'F' UNITS

REVENUE	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Gross Rental Income	3,990	8,379	9,217	10,139	11,152	12,209	13,308	14,506	15,811	17,234	18,785
Vacancy at 3%	120	251	277	304	335	366	399	435	474	517	564
Net Rental Income	3,870	8,128	8,940	9,835	10,817	11,843	12,909	14,071	15,337	16,717	18,221
Parking and Laundry	350	734	807	888	977	1,069	1,166	1,271	1,385	1,510	1,645
Net Revenue	4,220	8,862	9,747	10,723	11,794	12,912	14,075	15,342	16,722	18,227	19,866
OPERATING EXPENSES											
Maintenance, Property Taxes, Insurance and Management Fees (5%)	886	1,860	2,046	2,250	2,475	2,723	2,995	3,294	3,624	3,986	4,385
Net Income before Debt Service	3,334	7,002	7,701	8,473	9,319	10,189	11,080	12,048	13,098	14,241	15,481
Mortgage Interest	3,769	7,941	8,339	8,311	8,280	8,635	8,994	8,963	8,928	8,887	9,963
Net Income (loss)	(435)	(939)	(638)	162	1,039	1,554	2,086	3,085	4,170	5,354	5,518
Principal Reduction	89	177	181	209	240	239	234	265	300	341	321
Cash Flow from Project	(524)	(1,116)	(819)	(47)	799	1,315	1,852	2,820	3,870	5,013	5,197
Loan (payments)	524	1,116	819	47	(439)	(723)	(1,018)	(1,551)	(2,571)	(2,506)	
Net Cash Flow	0	0	0	0	360	592	834	1,269	1,299	2,507	5,197

ASSUMPTIONS

(1) Average rental per unit per month is $665; tenants pay their own utilities.

(2) Rents are increased at 10% per annum for 4 years and 9% thereafter; expenses are increased at 10% per annum.

(3) Loan Repayments are initially applied against the Cash Flow Loan and then against the Imperial Loan. Based on the foregoing assumptions both the Imperial Loan and the Cash Flow Loan are anticipated to be fully repaid in 1992. Interest is calculated at the same rate as that of the first mortgage.

(4) Imperial guarantees a mortgage interest rate of 13% for 1 year following the turnover date. The rate has been assumed at 14.5% for the balance of the first term and 13% thereafter.

The above projections are based on present tax law and on assumptions considered reasonable when prepared but which are inherently subject to uncertainty and variations depending on evolving events. There is absolutely no representation that these projections will be realized in whole or in part.

WINDSOR POINT

SCHEDULE OF PROJECTED TAX SAVINGS AND INVESTOR'S EQUITY REQUIREMENTS

55% MARGINAL TAX RATE

TYPE 'B', 'D' & 'F' UNITS

TAX SHELTER	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
Development and Financial Costs	10,305	9,385	483	179	1,173							
Capital Cost Allowance	1,852	3,806	3,518	3,264	3,039	2,837	2,655	2,490	2,340	2,203	2,076	1,960
Taxable Loss (Income) from Operations		435	939	638	(162)	(1,039)	(1,554)	(2,086)	(3,085)	(4,170)	(5,354)	(5,518)
Imperial Loan Interest		230	632	843	972	1,049	983	979	904	857	799	288
Total Amount Sheltered (Taxable)	12,157	13,856	5,572	4,924	5,022	2,847	2,084	1,383	159	(1,110)	(2,479)	(3,270)
INVESTOR'S CASH FLOW												
Tax Savings (Cost) 55% of above	6,686	7,621	3,065	2,708	2,762	1,566	1,146	761	87	(611)	(1,363)	(1,799)
Net Cash Flow from Project						360	592	834	1,269	1,299	2,507	5,197
Refinancing							12,710					17,683
Investor's Cash Inflow	6,686	7,621	3,065	2,708	2,762	1,926	14,448	1,595	1,356	689	1,144	21,082
Investor's Cash Outflow												
Equity Payments	(14,000)	(15,500)	(10,682)									
Loan Repayments												(4,734)
Net Cash Position	(7,314)	(7,879)	(7,617)	2,708	2,762	1,926	14,448	1,595	1,356	689	1,144	16,348
Cumulative Cash Position	(7,314)	(15,193)	(22,810)	(20,102)	(17,340)	(15,414)	(966)	629	1,985	2,674	3,817	20,165

To earn an equivalent after tax return, one would have to purchase a Guaranteed Investment Certificate yielding 30% per year over 11 years based on equity of $40,182.

In general, a 50% marginal tax rate is payable on the following taxable income ranges:

Alberta	$47,592 to $77,337
British Columbia	$47,592 to $77,337
Ontario	$47,592 to $77,337
Manitoba	$27,762 to $47,592

The above projections are based on present tax law and on assumptions considered reasonable when prepared but which are inherently subject to uncertainty and variations depending on evolving events. There is absolutely no representation that these projections will be realized in whole or in part.

Conclusion:

The foregoing illustrations of M.U.R.B. sales, taken from two different sectors of the country, indicate that while the location, the complex and the unit itself are of great importance in the marketability of a M.U.R.B. unit and the sale price, the tax concessions and the ability to accumulate real estate holdings with monies that would otherwise be paid in income tax, appear to be the keys.

It would appear logical, then, to conclude that a strong marketing position would be created by a sale price which would ultimately allow the purchaser the benefit of purchasing the M.U.R.B. unit with dollars which otherwise would have been paid in income tax. In simple terms, a price which after tax savings leaves the purchaser in a positive or small negative cumulative cash position.

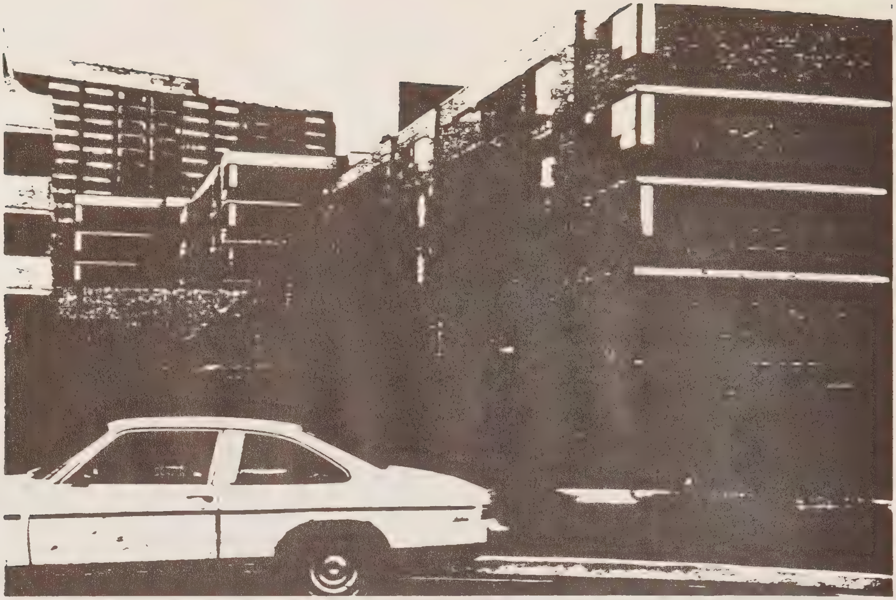
ANALYSIS OF

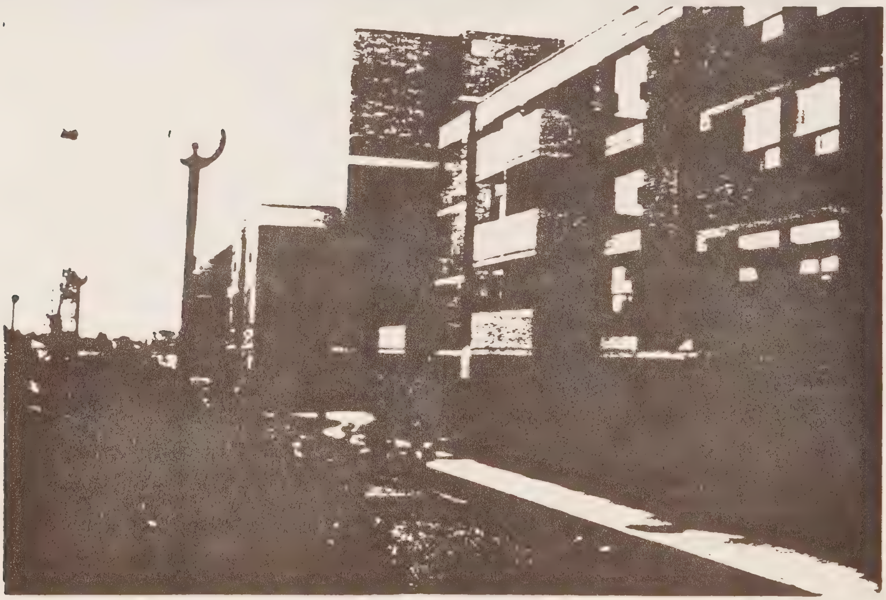
SUBJECT

M.U.R.B.

PACKAGES

1701-3-5 McCowan Road,
Scarborough, Ontario.





M.U.R.B. Package - 1701-3-5 McCowan Rd., Scarborough, Ontario.

(Based on a Two Bedroom Apartment)

The Project:

The project consists of 3 individual apartment buildings containing 152 Suites; 90 - 2 bedroom suites and 62 - 3 bedroom suites. Each two bedroom suite contains: refridgerator, stove, air conditioning, and wall to wall broadloom except in the kitchens and bathrooms which are cushion flooring. All suites have a balcony or walkout to patio. The three bedroom suites have all the foregoing features plus an en suite laundry room.

The common area facillities include outdoor swimming pool, saunas, exercise room, recreation centre, party room and underground parking.

Condominium registration of the project is virtually finalized and the project qualifies as a M.U.R.B.

Rental Information:

Presently, the rents for a two bedroom suite, which exclude all utilities average $600.00 per month. The three bedroom suites average $650.00 per month. Investigations of the rental market indicate that the current rents are at market rents.

The Residential Premises Rent Review Act, 1975 (Ontario) does not apply to the project as it was constructed subsequent to the legislation; therefore the project is able to compete freely in the rental market place.

In the following projections, provided by Thorne Riddell, Chartered Accountants, a rent increase of 10% per annum has been assumed, which is considered to be reasonable in light of the scarcity of rental accomodation.

Investment Summary:

Purchase Price Allocation:

Land	$ 4,250.
Building	$ 41,500.
Appliances & Chattels	$ 1,000.
Mortgage Arrangement Fee	$ 4,250.
Prepaid Interest	$ 34,000.
Rental Guarantee Fee	$ 2,000.
Investors Cash Flow Payments	$ 49,300.
Total Purchase Price	$136,300.

For taxation purposes, the Mortgage Arrangement Fee, Prepaid Interest, and Rental Guarantee Fee are considered first time expenses and are deductible along with depreciation of the building and appliances and chattels, as outlined in the following projections.

Purchase Terms:

The cash downpayment totals $51,300. being payable $5100. on closing and $46,200. as the investors Cash Flow Payments. The Cash Flow Payments represent the projected rental operating deficiency in each of the first nine years as outlined in the following projection prepared by Thorne Riddell, Chartered Accountants. As security in support of the cash flow deficiency payments Kilderkin Investments Ltd., will take back a note from the investor secured by a collateral mortgage bearing no interest.

The balance of the purchase price will be made up by a first mortgage of $85,000. repayable in blended monthly payments based on a 25 year amortization, bearing interest at 15% per annum and be due 5 years from the date of closing (December 1986).

Lease Back Agreement:

Kilderkin Investments Ltd., the developer, will lease back all the units in the project for a ten year term. This lease back will be on a net basis providing, in consideration of the receipt of the rents generated, the lessee will pay all principal and interest on the first mortgage, and all repairs, maintenance and other expenses that may be incurred. The investor/lessor will only be responsible for the guaranteed cash flow deficiency payments as part of the purchase price.

In the event of default by the lessee in making any required payments, the investor may offset such amount from the cash flow payments until such time as the defaulted amount is reinbursed. If the outstanding amount in default is not reinbursed within thirty days, then the deduction aforesaid shall be considered settlement of that portion of the lease obligations.

Under the 10 year lease back agreement, the refinancing of the first mortgage is guaranteed at 15% for the duration of the lease back.

In addition to the guarantee of the first mortgage interest rate of 15% for 10 years, as mentioned above, Kilderkin Investments Ltd., guarantees the projections prepared by Thorne Riddele, Chartered Accountants and guarantees to carry the project to a positive position should the property not be on a break-even basis at expiry of the management agreement.

KILDERKIN INVESTMENTS LTD.

90 UNIT (TWO BEDROOM) PROJECT
1701, 1703, 1705 McCOWAN AVENUE, SCARBOROUGH

ASSUMPTIONS
(Unaudited - see Projection Review Comments)

(1) Average unit rental per month is $600 for the period ending December 31, 1982.

(2) Rents increase by 10% each year from 1983 to 1991.

(3) Tenants pay their own utilities.

(4) Management fees are 5% of gross rental revenues.

(5) Expenses increase by 10% per annum.

(6) The investment requires the following financial commitment:

15% Mortgage	$ 85,000
Down payment	5,100
Cash flow deficiency payable in varying amounts between 1982 and 1991, secured by a collateral mortgage	46,200
	$136,300

For tax purposes, the investment has been allocated as follows:

Land		$ 4,250
Building		41,500
Furniture and fixtures		1,000
Prepaid interest		34,000
Mortgage arrangement fee		4,250
Rental guarantee fee		2,000
		87,000
Cash flow deficiency		
Payment on closing	$ 3,100	
Payable between January 1, 1982 and December 31, 1991	46,200	49,300
		$136,300

(7) The 15% mortgage, which matures in 1986, will be renewed for five years at 15% with a twenty year amortization.

KILDERKIN INVESTMENTS LTD.

90 UNIT (TWO BEDROOM) PROJECT - 1701, 1703, 1705 McCOWAN AVENUE, SCARBOROUGH

PROJECTED CASH FLOW ANALYSIS BY UNIT
(Unaudited - see Projection Review Comments)

	Month ending December 31	Year ending December 31									
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
REVENUE											
Gross rental income	$ 600	$ 7,200	$ 7,920	$ 8,712	$ 9,583	$10,541	$11,595	$12,754	$14,029	$15,431	$16,974
Less vacancy at 3%	18	216	238	262	288	317	349	384	422	464	511
Net rental income	582	6,984	7,682	8,450	9,295	10,224	11,246	12,370	13,607	14,967	16,463
EXPENSES											
Superintendent	10	120	132	145	159	174	191	210	231	254	279
Insurance	4	50	55	60	66	72	79	86	94	103	113
Maintenance	24	288	316	347	381	419	460	506	556	611	672
Management	30	360	396	435	478	525	577	634	701	771	848
Snow and yard	3	32	35	38	41	45	49	53	58	63	69
Taxes	60	720	792	871	958	1,053	1,158	1,273	1,400	1,540	1,694
Utilities	37	440	484	532	585	643	707	777	854	939	1,032
	168	2,010	2,210	2,428	2,668	2,931	3,221	3,539	3,894	4,281	4,707
Net income before interest	414	4,974	5,472	6,022	6,627	7,293	8,025	8,831	9,713	10,686	11,756
Mortgage interest	1,063	12,723	12,668	12,604	12,530	12,445	12,345	12,229	12,096	11,940	11,759
LOSS FROM OPERATIONS	$ 649	$ 7,749	$ 7,196	$ 6,582	$ 5,903	$ 5,152	$ 4,320	$ 3,398	$ 2,383	$ 1,254	$ 3

KILDERKIN INVESTMENTS LTD.

90 UNIT (TWO BEDROOM) PROJECT - 1701, 1703, 1705 McCOWAN AVENUE, SCARBOROUGH

PROJECTED EQUITY REQUIREMENT BY UNIT
(Unaudited - see Projection Review Comments)

	Month ending December 31 1981	Year ending December 31 1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
TAX SHELTER											
Mortgage arrangement fee	$ 4,250										
Prepaid interest	567	$ 6,800	$ 6,800	$ 6,800	$ 6,800	$ 6,233					
Rental guarantee fee	20	198	198	198	198	198	$ 198	$ 198	$ 198	$ 198	$ 198
Capital cost allowance											
Building	2,075	1,971	1,872	1,779	1,690	1,605	1,525	1,449	1,376	1,307	1,242
Furniture and fixtures	200	160	128	102	82	66	52	42	34	27	21
Loss from operations	649	7,749	7,196	6,582	5,903	5,152	4,320	3,398	2,383	1,254	3
TOTAL AMOUNT SHELTERED	$ 7,761	$16,878	$16,194	$15,461	$14,673	$13,254	$ 6,095	$ 5,087	$ 3,991	$ 2,786	$ 1,464
ONTARIO											
TAX BRACKET - 62.8% (1981) 50.3% (1982 through 1991)											
Tax savings	$ 4,874	$ 8,490	$ 8,146	$ 7,777	$ 7,381	$ 6,667	$ 3,066	$ 2,559	$ 2,007	$ 1,401	$ 736
Investor's cash requirement	5,100	7,800	7,300	6,700	6,100	5,450	4,350	3,550	2,650	1,700	600
Net cash increase (decrease)	$ (226)	$ 690	$ 846	$ 1,077	$ 1,281	$ 1,217	$(1,284)	$ (991)	$ (643)	$ (299)	$ 136
CUMULATIVE CASH POSITION	$ (226)	$ 464	$ 1,310	$ 2,387	$ 3,668	$ 4,885	$ 3,601	$ 2,610	$ 1,967	$ 1,668	$ 1,804
QUEBEC											
TAX BRACKET - 67.9% (1981) 60.4% (1982 through 1991)											
Tax savings	$ 5,270	$10,194	$ 9,781	$ 9,338	$ 8,862	$ 8,005	$ 3,681	$ 3,073	$ 2,411	$ 1,683	$ 884
Investor's cash requirement	5,100	7,800	7,300	6,700	6,100	5,450	4,350	3,550	2,650	1,700	600
Net cash increase (decrease)	$ 170	$ 2,394	$ 2,481	$ 2,638	$ 2,762	$ 2,555	$ (669)	$ (477)	$ (239)	$ (17)	$ 284
CUMULATIVE CASH POSITION	$ 170	$ 2,564	$ 5,045	$ 7,683	$10,445	$13,000	$12,331	$11,854	$11,615	$11,598	$11,882

Opinion of Marketability:

The structure of the M.U.R.B. package for this project closely resembles that of the sold M.U.R.B. package illustrated earlier in this report. In addition, the investor has the advantage of leasing the property back to the developer with guaranteed projections for 10 years. The only financial committments on the part of the investor are the cash flow deficiency payments, and a small downpayment made at the time of purchase.

As was seen in the illustrations of comparable M.U.R.B. package sales, the tax sheltering of personal income, allowing the investor to accumulate real estate holdings with monies that would otherwise be paid in income tax, is the key to a strong marketing position. The foregoing financial projections, prepared by Thorne Riddell, Chartered Accountants, and guaranteed by Kilderkin Investments Ltd.,indicate a positive net cash position in almost every year after the input of the cash flow payments by the investor and a positive Cumulative Cash Position over the 10 year period. Therefore, the investor/purchaser is purchasing the property entirely with funds that would otherwise have been paid in income tax plus retaining additional income in the amount of $1804., based on the 50.3% tax bracket, which combined with the pay down in the first mortgage principal equals an equity and appreciation gain of approximately $9454. over the ten year period.

In simple terms then, the investor can own a unit in this project and earn approximately $9454. profit all with the use of money that would have been paid to the government in income tax if the unit were not purchased.

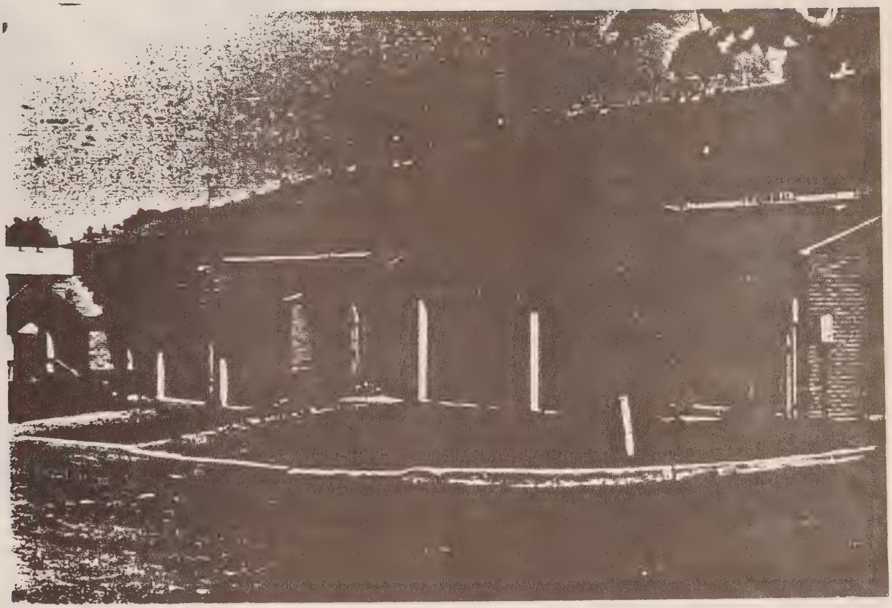
As a result of the foregoing investigations and analysis, it is our considered opinion that the subject project has excellent marketability on the basis of the M.U.R.B. package presented and it would appear that the purchase price asked, approximates value under the circumstances of the tax benefits to be derived.

28 Donald St.,

And

52-72 Adelaide St.,

Barrie, Ontario.



M.U.R.B. Package - 28 Donald St. & 52-72 Adelaide St., Barrie,Ontaric

(Based on the Average Unit)

The Project:

The project consists of 38 residential townhouse units being 30 townhouse unit at 28 Donald St. and 8 townhouse units at 52-72 Adelaide St., Barrie, Ontario. Each unit includes wall-to-wall broadloom or hardwood flooring, except in kitchens and bathrooms, which are cushion floor, stove, refridgerator and built-in single car garage and full basements.

The projects are registered condominiums; Simcoe Condominium Plan No's 11 and 16 respectively, and the project qualifies as a M.U.R.B.

Rental Information:

Presently, the rents, which exclude all utilities, average $375.00 per month. Investigations of the rental market place indicate that the current rents are at market rents.

The Residential Premises Rent Review Act, 1975 (Ontario) does not apply to the project as it was constructed subsequent to the legislation; therefore, the project is able to compete freely in the rental market place.

In the following projections, provided by Thorne Riddell, Chartered Accountants, a rent increase of 10% per annum has been assumed, which is considered to be reasonable in light of the scarcity of residential rental accomodation.

Investment Summary:

Purchase Price Allocation:

Land and Building	$ 34,500.
Appliances and Chattels	$ 1,500.
Mortgage Arrangement Fee	$ 2,250.
Prepaid Interest	$ 6,750.
Investors Cash Flow Guarantee	$ 25,500.
Total Purchase Price	$ 70,500.

For taxation purposes, the Mortgage Arrangement Fee, and the Prepaid Interest are deductible along with the depreciation of the building and appliances and chattels, as outlined in the following projections.

Purchase Terms:

The cash downpayment totals $25,500. being payable $2700. on closing and $22,800. as the investors Cash Flow Guarantee Payments. The Cash Flow Guarantee Payments represent the projected rental operating deficiency in each of the first nine years as outlined in the following projections, prepared by Thorne Riddell, Chartered Accountants. As security in support of the Cash Flow Guarantee Payments, Kilderkin Investments Ltd., will take back a note from the investor secured by a collateral mortgage bearing no interest.

The balance of the purchase price will be made up by a first mortgage of $45,000. repayable in blended monthly payments based on a 25 year amortization, bearing interest at 15% per annum and being due 5 years from the date of purchase completion.

Lease Back Agreement:

Kilderkin Investments Ltd., the developer, will lease back all the units in the project for a nine year term. This lease back will be on a net basis providing, in consideration of the receipt of the rents generated, the lessee will pay all principal and interest payments on the first mortgage, and all repairs, maintenance and other expenses that may be incurred. The investor/ lessor will only be responsible for the guaranteed cash flow deficiency payments as part of the purchase price.

In the event of default by the lessee in making any required payments, the investor may offset such amount from the cash flow guarantee payments until such time as the defaulted amount is reinbursed. If the amount outstanding in default is not reinbursed within thirty days, then the deduction aforesaid shall be considered settlement of that portion of the lease obligations.

Under the 9 year lease back agreement, the refinancing of the first mortgage is guaranteed at 15% for the duration of the lease back.

In addition to the guarantee of the first mortgage interest rate of 15% for 9 years, as mentioned above, Kilderkin Investments Ltd., guarantees the following projection, prepared by Thorne Riddell, Chartered Accountants and guarantees to carry the project to a positive position should the property not be on a break-even basis at the expiry of the management agreement

KILDERKIN INVESTMENTS LTD.

38 UNIT PROJECT - 28 DONALD STREET, BARRIE

ASSUMPTIONS
(Unaudited - see Projection Review Comments)

(1) Average unit rental per month is $375 for the period ending December 31, 1982.

(2) Rents increase by 10% each year from 1983 to 1990.

(3) Tenants pay their own utilities.

(4) Management fees are 5% of gross rental revenues.

(5) Expenses increase by 10% per year from 1983 to 1990.

(6) The investment requires the following financial commitment:

$45,000	15% first mortgage
$ 2,700	down payment
$22,800	cash flow guarantee payable in varying amounts between 1982 and 1990

(7) A payment of $6,750 over five years is required to prepay the interest on the first mortgage.

KILDERKIN INV. 'MENTS LTD.

38 UNIT PROJECT - 28 DONALD STREET, BARRIE

PROJECTED CASH FLOW ANALYSIS BY UNIT
(Unaudited - see Projection Review Comments)

	Four months ending December 31	Year ending December 31								
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
REVENUE										
Gross rental income	$1,500	$4,500	$4,950	$5,445	$5,989	$6,587	$7,245	$7,969	$8,765	$9,641
Less vacancy at 3%	45	135	149	164	180	198	218	240	264	290
Net rental income	1,455	4,365	4,801	5,281	5,809	6,389	7,027	7,729	8,501	9,351
EXPENSES										
Superintendent	40	120	132	145	159	174	191	210	231	254
Condominium fees	400	1,200	1,320	1,452	1,597	1,756	1,931	2,124	2,336	2,569
Maintenance	40	120	132	145	159	174	191	210	231	254
Management	75	225	248	272	299	329	362	398	438	482
Utilities	10	30	33	36	39	42	46	50	55	60
	565	1,695	1,865	2,050	2,253	2,475	2,721	2,992	3,291	3,619
Net income before interest	890	2,670	2,936	3,231	3,556	3,914	4,306	4,737	5,210	5,732
Mortgage interest	2,249	6,729	6,698	6,664	6,623	6,576	6,522	6,458	6,384	6,298
TAXABLE LOSS	$1,359	$4,059	$3,762	$3,433	$3,067	$2,662	$2,216	$1,721	$1,174	$ 566

KILDERKIN INVESTMENTS LTD.

38 UNIT PROJECT - 28 DONALD STREET, BARRIE

PROJECTED EQUITY REQUIREMENT BY UNIT
(Unaudited - see Projection Review Comments)

	Four months ending December 31	Year ending December 31								
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
TAX SHELTER										
Mortgage arrangement fee	$2,250									
Prepaid interest	450	$1,350	$1,350	$1,350	$1,350	$ 900				
Capital cost allowance	1,750	1,633	1,527	1,431	1,344	1,265	$1,191	$1,124	$1,062	$1,004
Taxable loss from operations	1,359	4,059	3,762	3,433	3,067	2,662	2,216	1,721	1,174	566
TOTAL AMOUNT SHELTERED	$5,809	$7,042	$6,639	$6,214	$5,761	$4,827	$3,407	$2,845	$2,236	$1,570
TAX BRACKET - 56.9% (1981); 57.7% (1982 through 1990)										
Tax savings	$3,305	$4,063	$3,831	$3,585	$3,324	$2,785	$1,966	$1,642	$1,290	$ 906
Investor's cash flow	2,700	4,000	3,750	3,450	3,100	2,750	2,150	1,700	1,250	650
Net cash increase (decrease)	$ 605	$ 63	$ 81	$ 135	$ 224	$ 35	$ (184)	$ (58)	$ 40	$ 256
CUMULATIVE CASH POSITION	$ 605	$ 668	$ 749	$ 884	$1,108	$1,143	$ 959	$ 901	$ 941	$1,197
TAX BRACKET - 62.8% (1981); 63.6% (1982 through 1990)										
Tax savings	$3,648	$4,479	$4,222	$3,952	$3,664	$3,070	$2,167	$1,809	$1,422	$ 999
Investor's cash flow	2,700	4,000	3,750	3,450	3,100	2,750	2,150	1,700	1,250	650
Net cash increase	$ 948	$ 479	$ 472	$ 502	$ 564	$ 320	$ 17	$ 109	$ 172	$ 349
CUMULATIVE CASH POSITION	$ 948	$1,427	$1,899	$2,401	$2,965	$3,285	$3,302	$3,411	$3,583	$3,932

Opinion of Marketability:

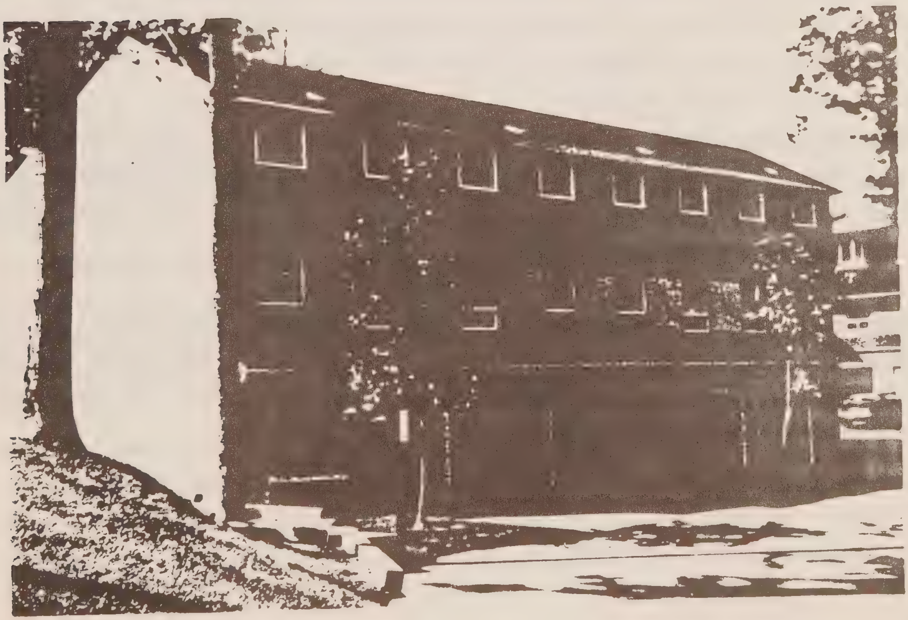
The structure of the M.U.R.B. package for this project closely resembles that of the sold M.U.R.B. packages illustrated earlier in this report. In addition, the investor has the advantage of leasing the property back to the developer with guaranteed projections for 9 years. The only financial committment on the part of the investor is the Cash Flow Guarantee payments; representative of the rental operating deficiency.

As was seen in the illustrations of comparable M.U.R.B. package sales, the tax sheltering of personal income, allowing the investor to accumulate real estate holdings with monies that would otherwise be paid in income tax, is the key to a strong marketing position. The foregoing financial projections, prepared by Thorne Riddell, Chartered Accountants, and guaranteed by Kilderkin Investments Ltd., indicate a positive net cash position in each year, after the input of the cash flow guarantee payments by the investor and a positive Cumulative Cash Position over the 9 year period. Therefore, the investor/purchaser is purchasing the property entirely with funds that would otherwise have been paid in income tax plus retaining additional income in the amount of $1197. which combined with the pay down in the first mortgage principal equals an equity and appreciation gain of approximately $5247. over the nine year period.

In simple term then, the investor can own a unit in this project and earn approximately $5247. profit all with the use of money that would have been paid to the government in income tax if the unit were not purchased.

As a result of the foregoing investigations and analysis, it is our considered opinion that the subject project has excellent marketability on the basis of the M.U.R.B. package presented and it would appear that the purchase price asked, approximates value under the circumstances of the tax benefits to be derived.

634 Strassburg Road,
Kitchener, Ontario.



M.U.R.B. Package - 634 Strassburg Rd., Kitchener, Ontario.

(Based on the Average Unit)

The Project:

The project consists of 35 rental, 3-level townhouses. Each unit contains: refridgerator, stove, wall to wall broadloom except in the kitchens and bathrooms which are floored with cushion flooring, and a built-in single garage. The common area facillities include ten visitor parking spaces and a childrens play area.

Condominium registration of the project is virtually finalized and the project qualifies as a M.U.R.B.

Rental Information:

Presently, the rents, which exclude all utilities, average $320.00 per month. Investigations of the rental market indicate that the current rents are at market rents.

The Residential Premises Rent Review Act, 1975 (Ontario) does not apply to the project as it was constructed subsequent to the legislation; therefore the project is able to compete freely in the rental market place.

In the following projections, provided by Thorne Riddell, Chartered Accountants, a rent increase of 10% per annum has been assumed, which is considered to be reasonable in light of the scarcity of rental accomodation.

Investment Summary:

Purchase Price Allocation:

Land	$ 6,000.
Building	$ 26,000.
Appliances & Chattels	$ 1,000.
Mortgage Arrangement Fee	$ 2,400.
Prepaid Interest	$ 12,000.
Investors Cash Flow Payments	$ 26,180.
Total Purchase Price	$ 74,180.

For taxation purposes, the Mortgage Arrangement Fee and Prepaid Interest are considered first time expenses and are deductible along with depreciation of the building and appliances and chattels, as outlined in the following projections.

Purchase Terms:

The cash downpayment totals $26,180. being payable $2880. on closing and $23,300. as the investors Cash Flow Payments. The Cash Flow Payments represent the projected rental operating deficiency in each of the first nine years as outlined in the following projection prepared by Thorne Riddell, Chartered Accountants. As security in support of the cash flow deficiency payments Kilderkin Investments Ltd., will take back a note from the investor secured by a collateral mortgage bearing no interest.

The balance of the purchase price will be made up by a first mortgage of $48,000. repayable in blended monthly payments based on a 25 year amortization, bearing interest at 15% per annum and being due 5 years from the date of closing (June 1986).

Lease Back Agreement:

Kilderkin Investments Ltd., the developer, will lease back all the units in the project for an eight year term. This lease back will be on a net basis providing, in consideration of the receipt of the rents generated, the lessee will pay all principal and interest on the first mortgage, and all repairs, maintenance and other expenses that may be incurred. The investor/lessor will only be responsible for the guaranteed cash flow deficiency payments as part of the purchase price.

In the event of default by the lessee in making any required payments, the investor may offset such amount from the cash flow payments unitl such time as the defaulted amount is reinbursed. If the outstanding amount in default is not reinbursed within thirty days, then the deduction aforesaid shall be considered settlement of that portion of the lease obligations.

Under the 8 year lease back agreement, the refinancing of the first mortgage is guaranteed at 15% for the duration of the lease back.

In addition to the guarantee of the first mortgage interest rate of 15% for 8 years, as mentioned above, Kilderkin Investments Ltd. guarantees the projections prepared by Thorne Riddell, Chartered Accountants and guarantees to carry the project to a positive position should the property not be on a break-even basis at expiry of the management agreement.

KILDERKIN INVESTMENTS LTD.

20 UNIT PROJECT - 134 STRASSBURG ROAD, KITCHENER

ASSUMPTIONS
(Unaudited - see Projection Review Comments)

(1) Average unit rental per month is $320 for the period ending December 31, 1981.

(2) Rents increase by 10% each year from 1982 to 1989.

(3) Tenants pay their own utilities.

(4) Management fees are 5% of gross rental revenues.

(5) Expenses increase by 10% per annum.

(6) The investment requires the following financial commitment:

$ 48,000	15% first mortgage
$ 2,880	down payment
$ 23,300	cash flow guarantee payable in varying amounts between 1982 and 1989 secured by a collateral mortgage

(7) A payment of $12,000 over five years is required to prepay the interest on the first mortgage.

KILDERKIN INVESTMENTS LTD.

20 UNIT PROJECT - 134 STRASSBURG ROAD, KITCHENER

PROJECTED CASH FLOW ANALYSIS BY UNIT
(Unaudited - see Projection Review Comments)

	Five months ending December 31	Year ending December 31							
	1981	1982	1983	1984	1985	1986	1987	1988	1989
REVENUE									
Gross rental income	$1,597	$4,260	$4,686	$5,155	$5,671	$6,238	$6,862	$7,548	$8,303
Less vacancy at 3%	48	128	141	155	171	188	207	228	251
Net rental income	1,549	4,132	4,545	5,000	5,500	6,050	6,655	7,320	8,052
EXPENSES									
Insurance	24	65	72	79	87	96	106	117	129
Maintenance and superintendent	64	170	187	206	227	250	275	303	333
Management	80	213	234	257	283	311	342	376	414
Snow and yard	19	50	55	61	67	74	81	89	98
Taxes	244	650	715	787	866	953	1,048	1,153	1,268
Utilities	20	53	58	64	70	77	85	94	103
	451	1,201	1,321	1,454	1,600	1,761	1,937	2,132	2,345
Net income before interest	1,098	2,931	3,224	3,546	3,900	4,289	4,718	5,188	5,707
Mortgage interest	2,997	7,167	7,121	7,071	7,011	6,942	6,861	6,768	6,660
TAXABLE LOSS	$1,899	$4,236	$3,897	$3,525	$3,111	$2,653	$2,143	$1,580	$ 953

KILDERKIN INVESTMENTS LTD.

20 UNIT PROJECT - 134 STRASSBURG ROAD, KITCHENER

PROJECTED EQUITY REQUIREMENT BY UNIT
(Unaudited - see Projection Review Comments)

	Five months ending December 31	Year ending December 31							
	1981	1982	1983	1984	1985	1986	1987	1988	1989
TAX SHELTER									
Mortgage arrangement fee	$2,400								
Prepaid interest	1,000	$2,400	$2,400	$2,400	$2,400	$1,400			
Capital cost allowance	1,530	1,424	1,328	1,242	1,165	1,095	$1,030	$ 971	$ 916
Taxable loss from operations	1,899	4,236	3,897	3,525	3,111	2,653	2,143	1,580	953
TOTAL AMOUNT SHELTERED	$6,829	$8,060	$7,625	$7,167	$6,676	$5,148	$3,173	$2,551	$1,869
TAX BRACKET - 56.9% (1981); 57.7% (1982 through 1989)									
Tax savings	$3,886	$4,651	$4,400	$4,135	$3,852	$2,970	$1,831	$1,472	$1,078
Investor's cash flow	2,880	4,300	4,000	3,650	3,300	2,900	2,250	1,700	1,200
Net cash increase (decrease)	$1,006	$ 351	$ 400	$ 485	$ 552	$ 70	$ (419)	$ (228)	$ (122)
CUMULATIVE CASH POSITION	$1,006	$1,357	$1,757	$2,242	$2,794	$2,864	$2,445	$2,217	$2,095
TAX BRACKET - 62.8% (1981); 63.6% (1982 through 1989)									
Tax savings	$4,289	$5,126	$4,850	$4,558	$4,246	$3,274	$2,018	$1,622	$1,189
Investor's cash flow	2,880	4,300	4,000	3,650	3,300	2,900	2,250	1,700	1,200
Net cash increase (decrease)	$1,409	$ 826	$ 850	$ 908	$ 946	$ 374	$ (232)	$ (78)	$ (11)
CUMULATIVE CASH POSITION	$1,409	$2,235	$3,085	$3,993	$4,939	$5,313	$5,081	$5,003	$4,992

Opinion of Marketability:

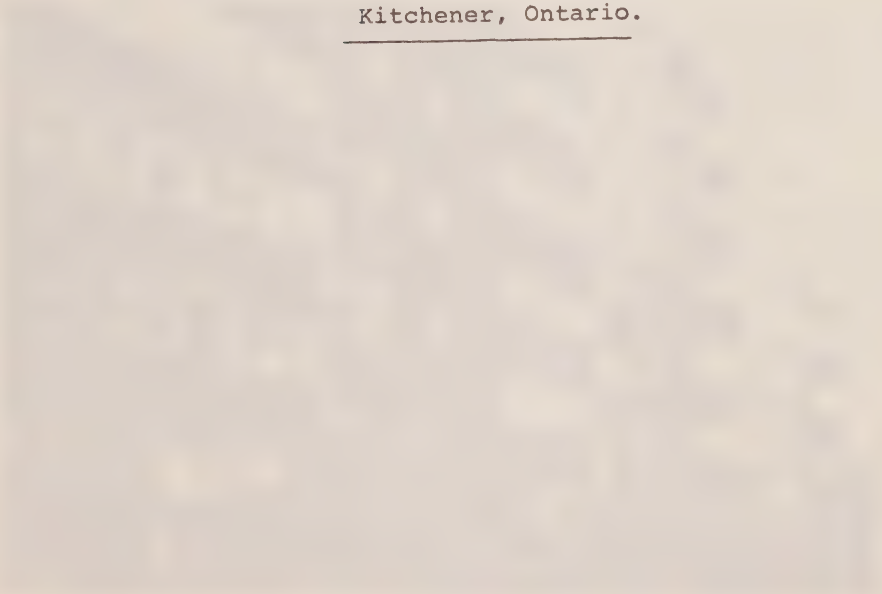
The structure of the M.U.R.B. package for this project closely resembles that of the sold M.U.R.B. package illustrated earlier in this report. In addition, the investor has the advantage of leasing the property back to the developer with guaranteed projections for 8 years. The only financial committments on the part of the investor are the cash flow deficiency payments, and a small downpayment made at the time of purchase.

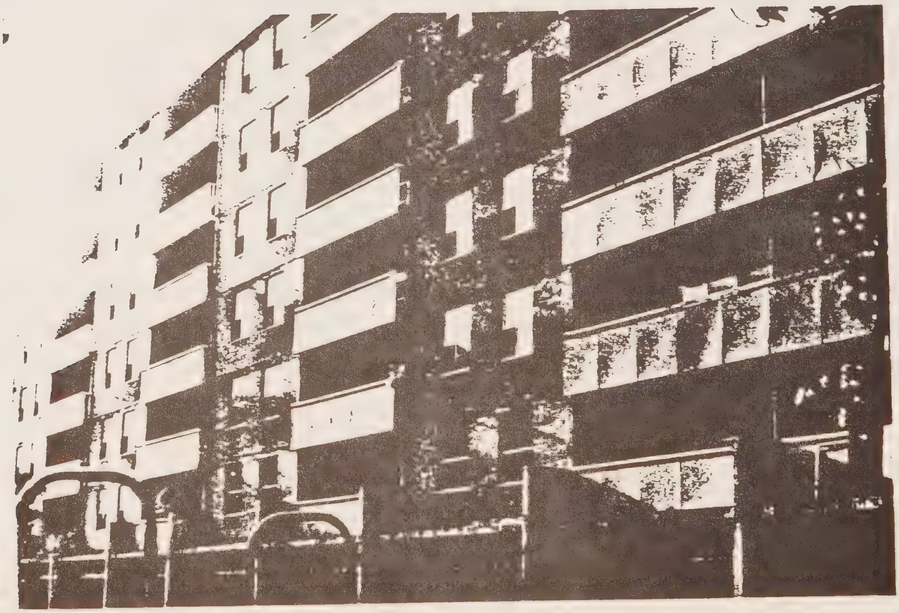
As we saw in the illustrations of comparable M.U.R.B. package sales, the tax sheltering of personal income, allowing the investor to accumulate real estate holdings with monies that would otherwise be paid in income tax, is the key to a strong marketing position. The foregoing financial projections, prepared by Thorne Riddell, Chartered Accountants, and guaranteed by Kilderkin Investments Ltd., indicate a positive net cash position in almost every year after the input of the cash flow payments by the investor and a positive Cumulative Cash Position over the 8 year period. Therefore, the investor/purchaser is purchasing the property entirely with funds that would otherwise have been paid in income tax plus retaining additional income in the amount of $2095. which combined with the pay down in the first mortgage principal equals an equity and appreciation gain of approximately $4975. over the eight year period.

In simple terms then, the investor can own a unit in this project and earn approximately $4975. profit all with the use of money that would have been paid to the government in income tax if the unit were not purchased.

As a result of the foregoing investigations and analysis, it is our considered opinion that the subject project has excellent marketability on the basis of the M.U.R.B. package presented and it would appear that the purchase price asked, approximates value under the circumstances of the tax benefits to be derived.

550 Strassbury Road,
Kitchener, Ontario.





M.U.R.B Package - 550 Strassburg Rd., Kitchener, Ontario.

(Based on the Average Unit)

The Project:

The project consists of a 61 suite rental apartment complex. Each unit contains: refridgerator, stove and Burma Teak Wood flooring except in the kitchens and bathrooms which are cushion flooring. Each unit also contains a balcony or walk-out to patio. Adequate parking is provided for both tenants and visitors. The project qualifies as a M.U.R.B.

Rental Information:

Presently, the rents, which exclude all utilities, average $338.00 per month. Investigations of the rental market indicate that the current rents are at market rents.

The Residential Premises Rent Review Act, 1975 (Ontario) does not apply to the project as it was constructed subsequent to the legislation; therefore the project is able to compete freely in the rental market place.

In the following projections, provided by Thorne Riddell, Chartered Accountants, a rent increase of 10% per annum has been assumed, which is considered to be reasonable in light of the scarcity of rental accomodation.

Investment Summary:

Purchase Price Allocation:

Land & Building	$ 27,900.
Appliances & Chattels	$ 1,500.
Mortgage Arrangement Fee	$ 2,100.
Prepaid Interest	$ 10,500.
Investors Cash Flow Payments	$ 22.670.
Total Purchase Price	$ 64,670.

For taxation purposes, the Mortgage Arrangement Fee and Prepaid Interest are considered first time expenses and are deductible along with depreciation of the building and appliances and chattels, as outlined in the following projections.

Purchase Terms:

The cash downpayment totals $22,670. being payable $2520. on closing and $20,150. as the investors Cash Flow Payments. The Cash Flow Payments represent the projected rental operating deficiency in each of the first nine years as outlined in the following projection prepared by Thorne Riddell, Chartered Accountants. As security in support of the cash flow deficiency payments Kilderkin Investments Ltd., will take back a note from the investor secured by a collateral mortgage bearing no interest.

The balance of the purchase price will be made up by a mortgage of $42,000. repayable in blended monthly payments based on a 25 year amortization, bearing interest at 15% per annum and being due 5 years from the date of closing (June 1986).

Lease Back Agreement:

Kilderkin Investments Ltd., the developer, will lease back all the units in the project for a nine year term. This lease back will be on a net basis providing, in consideration of the receipt of the rents generated, the lessee will pay all principal and interest on the first mortgage, and all repairs, maintenance and other expenses that may be incurred. The investor/lessor will only be responsible for the guaranteed cash flow deficiency payments as part of the purchase price.

In the event of default by the lessee in making any required payments, the investor may offset such amount from the cash flow payments until such time as the defaulted amount is reinbursed. If the outstanding amount in default is not reinbursed within thirty days, then the deduction aforesaid shall be considered settlement of that portion of the lease obligation.

Under the 9 year lease back agreement, the refinancing of the first mortgage is guaranteed at 15% for the duration of the lease back.

In addition to the guarantee of the first mortgage interest rate of 15% for 9 years, as mentioned above, Kilderkin Investments Ltd., guarantees the projections prepared by Thorne Riddell, Chartered Accountants and guarantees to carry the project to a positive position should the property not be on a break-even basis at expiry of the management agreement.

KILDERKIN INVESTMENTS LTD.

61 UNIT PROJECT - 550 STRASSBURG ROAD, KITCHENER

ASSUMPTIONS
(Unaudited - see Projection Review Comments)

(1) Average unit rental per month is $338 for the period ending December 31, 1981.

(2) Rents increase by 10% each year from 1982 to 1990.

(3) Tenants pay their own utilities.

(4) Management fees are 5% of gross rental revenues.

(5) Expenses increase by 10% per annum.

(6) The investment requires the following financial commitment:

$ 42,000	15% first mortgage
$ 2,520	down payment
$ 20,150	cash flow guarantee payable in varying amounts between 1982 and 1990 secured by a collateral mortgage

(7) A payment of $10,500 over five years is required to prepay the interest on the first mortgage.

KILDERKIN INVESTMENTS LTD.

61 UNIT PROJECT - 550 STRASSBURG ROAD, KITCHENER

PROJECTED CASH FLOW ANALYSIS BY UNIT
(Unaudited - see Projection Review Comments)

	Five months ending December 31	Year ending December 31								
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
REVENUE										
Gross rental income	$1,687	$4,500	$4,950	$5,445	$5,990	$6,589	$7,248	$7,973	$8,770	$9,647
Less vacancy at 3%	51	135	149	164	180	198	218	240	264	290
Net rental income	1,636	4,365	4,801	5,281	5,810	6,391	7,030	7,733	8,506	9,357
EXPENSES										
Insurance	17	45	50	55	61	67	74	81	89	98
Maintenance	67	180	198	218	240	264	290	319	351	386
Management	84	225	248	273	300	330	363	399	439	483
Snow and yard	7	20	22	24	26	29	32	35	39	43
Superintendent	56	150	165	182	200	220	242	266	293	322
Taxes	232	620	682	750	825	908	999	1,099	1,209	1,330
Utilities	184	490	539	593	652	717	789	868	955	1,051
	647	1,730	1,904	2,095	2,304	2,535	2,789	3,067	3,375	3,713
Net income before interest	989	2,635	2,897	3,186	3,506	3,856	4,241	4,666	5,131	5,644
Mortgage interest	2,623	6,270	6,232	6,186	6,135	6,074	6,004	5,922	5,827	5,718
TAXABLE LOSS	$1,634	$3,635	$3,335	$3,000	$2,629	$2,218	$1,763	$1,256	$ 696	$ 74

61 UNIT PROJECT - 550 STRASSBURG ROAD, KITCHENER

PROJECTED EQUITY REQUIREMENT BY UNIT
(Unaudited - see Projection Review Comments)

	Five months ending December 31	Year ending December 31								
	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
TAX SHELTER										
Mortgage arrangement fee	$2,100									
Prepaid interest	875	$2,100	$2,100	$2,100	$2,100	$1,225				
Capital cost allowance	1,420	1,319	1,229	1,148	1,076	1,010	$ 949	$ 894	$ 843	$ 796
Taxable loss from operations	1,634	3,635	3,335	3,000	2,629	2,218	1,763	1,256	696	74
TOTAL AMOUNT SHELTERED	$6,029	$7,054	$6,664	$6,248	$5,805	$4,453	$2,712	$2,150	$1,539	$ 870
TAX BRACKET - 56.9% (1981); 57.7% (1982 through 1990)										
Tax savings	$3,431	$4,070	$3,845	$3,605	$3,349	$2,569	$1,565	$1,241	$ 888	$ 502
Investor's cash flow	2,520	3,700	3,400	3,100	2,800	2,400	1,900	1,400	1,000	450
Net cash increase (decrease)	$ 911	$ 370	$ 445	$ 505	$ 549	$ 169	$ (335)	$ (159)	$ (112)	$ 52
CUMULATIVE CASH POSITION	$ 911	$1,281	$1,726	$2,231	$2,780	$2,949	$2,614	$2,455	$2,343	$2,395
TAX BRACKET - 62.8% (1981); 63.6% (1982 through 1990)										
Tax savings	$3,786	$4,486	$4,238	$3,974	$3,692	$2,832	$1,725	$1,367	$ 979	$ 553
Investor's cash flow	2,520	3,700	3,400	3,100	2,800	2,400	1,900	1,400	1,000	450
Net cash increase (decrease)	$1,266	$ 786	$ 838	$ 874	$ 892	$ 432	$ (175)	$ (33)	$ (21)	$ 103
CUMULATIVE CASH POSITION	$1,266	$2,052	$2,890	$3,764	$4,656	$5,088	$4,913	$4,880	$4,859	$4,962

Opinion of Marketability:

The structure of the M.U.R.B. package for this project closely resembles that of the sold M.U.R.B. packages illustrated earlier in this report. In addition, the investor has the advantage of leasing the property back to the developer with guaranteed projections for 9 years. The only financial committments on the part of the investor are the cash flow deficiency payments, and a small downpayment made at the time of purchase.

As was seen in the illustrations of comparable M.U.R.B. package sales, the tax sheltering of personal income, allowing the investor to accumulate real estate holdings with monies that would otherwise be paid in income tax, is the key to a strong marketing position. The foregoing financial projections, prepared by Thorne Riddell, chartered Accountants, and guaranteed by Kilderkin Investments Ltd., indicate a positive net cash position in almost every year after the input of the cash flow payments by the investor and a positive Cumulative Cash Position over the 9 year period. Therefore, the investor/purchaser is purchasing the property entirely with funds that would otherwise have been paid in income tax plus retaining additional income in the amount of $2395., based on the 57.7% tax bracket, which combined with the pay down in the first mortgage principal equals an equity and appreciation gain of approximately $5503. over the nine year period.

In simple terms then, the investor can own a unit in this project and earn approximately $5503. profit all with the use of money that would have been paid to the government in income tax if the unit were not purchased.

As a result of the foregoing investigations and analysis, it is our considered opinion that the subject project has excellent marketability on the basis of the M.U.R.B. package presented and it would appear that the purchase price asked, approximates value under the circumstances of the tax benefits to be derived.

QUALIFICATIONS OF THE APPRAISER

NAME	- Philip R. Jupp
ADDRESS	- 113 Sandringham Drive, Downsview, Ontario, M3H 1E2
TELEPHONE	- (416) 635-9466
PRESENT POSITION	- President, Philip R. Jupp Limited
EDUCATION	- Secondary School Graduate One Year University

APPRAISAL INSTITUTE OF CANADA

Completed Courses: Appraisal 1,11 & 111, Economics 1 & 11, Real Property Law, Construction Cost Estimating, Communication Concepts and Strategies.

Completed "Single Family Residential Demonstration Report"

Completed "Income Property Demonstration Report"

Received C.R.A. Designation - 1975

Attended: Expropriation and Partial Taking Seminar.

REAL ESTATE INSTITUTE OF CANADA

Completed Courses: Commercial Real Estate Real Property Law, Economics, Property Management, Principles of Appraisals, Business Law, Man and His Environment, Real Estate Brokerage.

Received F.R.I. Designation - 1975

EXPERIENCE - 1968 - 70
Real Estate Sales
R. Cholkan & Co. Ltd.

1970 - 71
Real Estate Sales
J.H. Willson Realtor

1971 - 76
Real Estate Brokerage and Appraisals
Philip R. Jupp Limited

1976 - 79
Manager Appraisal Department
National Trust Company, Limited

1979 - 1981
Director of Professional Services
Real Estate Division
National Trust Company, Limited

1981 - Present
President
Philip R. Jupp Limited

PROFESSIONAL AFFILIATIONS
Toronto Real Estate Board
Ontario Real Estate Association
Canadian Real Estate Association
Real Estate Institute of Canada
Appraisal Institute of Canada
Trust Companies Institute

Statement re qualifications
and experience of E.D. Marchant

EDWARD DENNIS MARCHANT

The following is taken from Marchant's evidence to the Inquiry:

Q. Mr. Marchant, would you, for the record, give us your full name, please?

A. Yes. Edward Dennis Marchant.

Q. And I understand that you are involved with a couple of companies called,"Marchant Company Limited", is that correct?

A. Yes.

Q. And Marchant Investments Limited.

A. Right.

Q. Let's deal with the first one, Marchant Company Limited. What is your position in that company?

A. I am the president of that company.

Q. And what is that company involved in; what type of endeavour?

A. The company acts as a real estate consultant and as a real estate investment manager. We manage approximately two thousand residential units, fifty thousand square feet of commercial space and we supervise management of another, approximately, two thousand residential units.

We act as a consultant to certain financial institutions. In some cases, real estate loan workouts and that sort of thing.

Q. When was the company formed, Marchant Company Limited?

A. Approximately, ten years ago.

Q. And did you form the company?

A. Yes, I did.

Q. Now, the other company, Marchant Investments Limited, what is your capacity with that?

A. Okay. I am president of that company.

Q. And what sort of endeavour is it involved in?

A. Marchant Investments Limited is a NHA approved lender. It has a mortgage broker's licence and is registered under the Ontario Securities Act as a broker/dealer.

Q. When you say it is a "NHA approved lender", is it actually in the business of...

A. Yes. We service mortgage loans for pension funds and we have syndicated mortgage loans to individuals and to institutions and we service those mortgages.

Q. When you say you 'syndicate loans', just for the record, what, actually, is the process of syndicating loans? Who are you acting for?

A. Well, in the case of the pension funds, of course, we act, either for one pension fund or a number of pension funds on one mortgage and we do the underwriting of the loan and we place it with the pension funds and then we service the mortgages for them.

And, we also have syndicated mortgage loans to individuals, and we service those mortgages for those individuals. We actually make the mortgage loans to the borrower and on behalf of the investors.

Q. You would then be involved, am I correct, in reviewing the loan; approving the loan, reviewing the security behind the loan, etc.?

A. We do all of the underwriting. We do the investigation of the project and structure the loan, make the recommendation to the investors, work all the way through closing documents with the lawyers acting for both sides and then we service the mortgage afterwards.

Q. Now, I understand that you are a chartered accountant.

A. Yes.

Q. Correct?

A. Yes.

Q. And that, at some time ago, you were a tax partner with Deloitte, Haskins & Sells. For the record, will you advise us of some of your employment history from that time?

A. Yes, I was tax partner with Deloitte, Haskins & Sells in Winnipeg; Coopers & Lybrand in Toronto. I was vice-president, finance of Bramalea Limited.

Q. Sorry...just what time periods are we talking about?

A. We are talking about 1962, '61, '62, starting with Deloitte's, and I would think that Bramalea would have been around 1967 or '68.

Q. That is the company that is now known as "Bramalea Limited"?

A. Yes, it is. And then I was V.P./ Finance of Great Northern Capital which became Abbey Glen and which is now Genstar.

And, subsequent to that, I started my own business, which would have been about ten years ago, to act as a consultant to real estate developers. Very shortly, thereafter, I joined Traders Finance, Guaranty Trust, Marine Midland Bank in the formation of M.M. Builders Funds Limited, which was really Marine Midland Bank operating in Canada. But, I was a shareholder of that company and Guaranty Trust was also a shareholder.

At the same time I was on the Guaranty Trust mortgage committee, their management committee and acted as advisor to Gordon Sharwood, who was then chairman of the board of Guaranty Trust and Traders.

Q. For how long did you act in that capacity with Guaranty Trust?

A. We ran that operation for about two and a half or three years and M.M. Builders Funds would have done,approximately, a hundred million in construction loans, in Canada, and I was the president of that company and ran the company.

Subsequent to that, and I should say, in addition to that because my companies still operated at that time, and we then syndicated mortgages, as I have indicated for the institutions and individuals.

We, subsequently, syndicated MURB's and other real estate investments and stayed involved with those projects as the representative of investors, and we built our management, that is, property management operation, as a result of that and our investment management operation and real estate consulting operation.

Q. I understand that not too far in the past you had some involvement with a company called Exechequer Trust?

A. Yes. During the course of that time, we formed Exechequer Trust Company; we ran Exechequer Trust Company for about two and a half years and subsequently sold the charter, which would have now been, I guess, a couple of years ago.

Q. When you were involved with Exechequer Trust, in what capacity were you involved?

A. I was president of Exechequer Trust Company.

Q. Were you involved in the day-to-day lending practice of that trust company?

A. Yes, I was the chairman of the lending committee, also and we made mortgage loans, of course, and raised funds from the public under G.I.C.'s.

And we also acted as an intermediary in arranging mortgage loans for other institutions and we shared mortgage loans with institutions, such as Guaranty Trust, and that sort of thing.

Q. I understand that you had some involvement in the past with what was then C.M.H.C. in developing the, what I called 'the original MURB program'?

A. Yes. This goes back to the beginning of the assisted rental program, which is the ARP program. I helped Claude Renaud, who was then the Director of Lending at C.M.H.C. in writing the regulations that governed the administration and control of the MURB program on behalf of C.M.H.C.

Q. And have you written any articles on the subject of "MURB's?

A. Yes. Yes, I wrote an article for the Canadian Chartered Accountant and, which, I believe was in about 1977 and, subsequently presented a paper to the Canadian Tax Foundation and that paper is in the Conference Reports and had, according to the Tax Foundation, fairly wide circulation.

By the way, the first article was, for the C.A. magazine, was based...it was a very brief example of an actual MURB dealing with, primarily the tax implications.

The Tax Foundation paper was titled, "The Murb as an Investment" and deals, primarily with the investment advantages and disadvantages of a MURB.

Fasken & Calvin memorandum
to file in the proposed Seaway
Trust -- Ivanhoe transaction

MEMO

TO: FILE

FROM: R. W. GARDNER

DATE: JUNE 29TH, 1982

RE: SEAWAY TRUST AND IVANHOE JOINT VENTURE

FILE: 82658/813

Hans Schumeth telephoned me today and said that a draft proposal had been prepared by Ivanhoe's tax advisors. However, Schumeth was concerned about some of the values contained in the proposal, such as the appraised value of the plaza at $11,300,000.00 in order to support a mortgage loan of $8,500,000.00. Schumeth felt that an appraisal of the land and buildings only would only support a mortgage of $6,500,000.00. I reminded him that Andrew Markle had always approached this problem on the ground that the shopping plaza in operation with the Seaway favourable rate mortgage financing in place would have a market value of $11,300,000.00. Schumeth said that he would go back to his appraiser with this approach and see if he could re-work their figures. In any event, the matter was left in his hands and he will send us Ivanhoe's proposal as soon as possible.

Subsequently, Len Alksnis at McLean & Kerr telephoned me to confirm the above.

✓cc: Mr. Andrew Markle
cc: Mr. R. W. McDowell
cc: Mr. W. J. Bies

Lebow Appraisal Services

Reply To: ☐ Box 190, Postal Station T, Toronto, Ontario M6B 4A1
☒ 8 Flavian Cres., Willowdale, Ontario M2H 1V9

Barry Lebow F.R.I., R.P.A., A.M.B., C.R.E., TELEPHONE **224-2662**

Ontario Land Economist Real Estate & Mortgage Broker Accredited Appraiser

August 27, 1982

Byron Dailley,
Asst. General Manager,
Seaway Trust Company,
2255 Sheppard Avenue East,
Willowdale, Ontario

Dear Mr. Dailley,

RE: THE CENTRE - MARKHAM ROAD AT SHEPPARD AVENUE EAST, SCARBOROUGH, ONTARIO - PRELIMINARY REPORT - LETTER-of-OPINION OF VALUE.

Based solely on the information which has been supplied to us, we have formed an estimate of the market value of the Subject Property. The property consists of a shopping plaza secured by a Steinberg Store as the major tenant. It is our opinion that the market value as at August 27, 1982 is:

ELEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS
$11,500,000.00 (Canadian)

This is, of course, a preliminary estimate and could change when a full and detailed appraisal analysis is undertaken. We understand that this Letter-of-Opinion is needed for mortgage financing purposes.

We trust that this report will be of assistance to your Company for any decisions which you will have to make relating to the

Continued.....

Lebow Appraisal Services

Subject Property. We await your instructions to proceed on completing this appraisal assignment.

Respectfully yours,

LEBOW APPRAISAL SERVICES
Per:

BARRY LEBOW, F.R.I., A.M.B., R.P.A., C.R.E.,
ONTARIO LAND ECONOMIST.

Lebow Appraisal Services reports (preliminary and final) on the London Armouries transaction

LEDOW APPRAISAL SERVICES Appendix C

648 Finch Ave. East, Ste. 1, Willowdale Ont. M2K 2E6 Tel. 224-2662
New Mailing Address: P.O. Box 190, Station T, Toronto M6B 4A1

Barry Lebow F.R.I., R.P.A., A.M.B.,

Ontario Land Economist Real Estate & Mortgage Broker Accredited Appraiser

March 12, 1982

Robert Braun, F.R.I.,
Seaway Trust Company,
2255 Sheppard Avenue East,
Willowdale, Ontario

RE: 325 DUNDAS STREET EAST, LONDON, ONTARIO
PRELIMINARY REPORT - ARMORY PROJECT

Dear Mr. Braun;

As per your your request, we are starting to prepare a full comprehensive and intensive appraisal report of the Subject Property. At present we have determined that the value of the project, with plans, permits and all drawings belonging thereto, has an estimated Market Value as at today's date of:

SEVEN MILLION, FIVE HUNDRED THOUSAND DOLLARS
$ 7,500,000.00 (Canadian)

As you are aware, a full report with more detailed research may determine that the price could be slightly adjusted either upward or downward. This letter is for your files and is simply a letter to outline our findings as of this date.

Respectfully yours,
LEBOW APPRAISAL SERVICES,
per:

Barry A. Lebow,F.R.I.,A.M.B.,R.P.A.,C.R.E..
Ontario Land Economist,
Certified Real Estate Instructor

MAR 1 5 1982

Lebow Appraisal Services

Reply To: ☐ Box 190, Postal Station T, Toronto, Ontario M6B 4A1
☒ 8 Flavian Cres., Willowdale, Ontario M2H 1V9

Barry Lebow F.R.I., R.P.A., A.M.B., C.R.E., TELEPHONE 224-26

Ontario Land Economist Real Estate & Mortgage Broker Accredited Appraiser

August 17, 1982.

Andrew Markle,
Seaway Real Property Limited,
2255 Sheppard Avenue East,
Willowdale, Ontario.

RE:ARMOURIES RETAIL/HOTEL COMPLEX, LONDON-APPRAISAL REPORT

Dear Sir:

As requested, we have carefully prepared a full appraisal report of the Subject Property. You have indicated to us that this report is to serve as a benchmark for either mortgage or bank financing purposes, and further, you have indicated to us that the appraisal will be subject to the projections of the completed project to be built, as described herein. The enclosed report indicates that the Probable Selling Price of the Subject Property, as at August 17, 1982 is:

SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS
$ 7,500,000.00 (Canadian)

This estimate of value reflects the income approach to value which has been treated as an annuity. We trust that this appraisal will be relevant to any decisions which you may make concerning the Subject Property. We are at your service to answer any questions which may arise concerning this appraisal.

Respectfully yours,
LEBOW APPRAISAL SERVICES
per:

Barry A. Lebow,F.R.I.,A.M.B.,RP.A.,C.R.E.,

TABLE OF CONTENTS

PART ONE

IDENTIFICATION

OF THE

SUBJECT PROPERTY

DEFINITION OF APPRAISAL PROBLEM

DEFINITION:

An appraisal is a sequential, analytical process blending the observed characteristics of a property with the elements in the market place which give effect to the Market Value of a property, as of a specific date.

PURPOSE:

The purpose of the appraisal is to estimate the Present Worth of Future Benefits as an estimated Market Value of the Subject Property, known as "The Armouries" located at the south-western corner of Dundas and Waterloo Streets, in the City of London, Ontario, in fee simple, based upon the Concept of Highest and Best Use, using today's prices and real estate trends and estimating the proposed and completed hotel/retail project.

FOCUS:

The final estimate of value results from a rationalization of the physical and economic characteristics of the Subject Property in terms of past, current and future performance levels focusing upon the quality and durabilty of the proposed hotel/retail complex to be renovated and erected upon the subject lands.

EFFECTIVE DATE OF APPRAISAL:

August 17, 1982.

FORMAT:

The appraisal consists of two parts: - The Description

- The Valuaton

DEFINITIONS USED IN THE APPRAISAL REPORT

HIGHEST AND BEST USE:

" The most profitable and likely use to which a property can be put. The opinion of such use may be based on the highest and most profitable continous use to which the property is adapted and needed, or likely to be in demand in the reasonable near future. That use of land which may reasonably be expected to produce the greatest NET return to Land over a given number of years or period of time. That legal use which will yield to land the highest present value; sometimes called optimum use. "

MOST PROBABLE SELLING PRICE:

For the purpose of the appraisal, the most appropriate definition of value is that of "Most Probable Selling Price", as defined by Professor Richard U. Ratcliff, which states:

" The most probable selling price is that selling price which is most likely to emerge from a transaction involving the Subject Property if it were exposed for sale in the current market for a reasonable time at terms of sale which are currently predominant for properties of the subject type. "

FEE SIMPLE:

An absolute fee; a fee without limitations to any particular class of heirs and restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. An inheritable estate.

LONDON

Canada's eleventh largest city is the centre of a rich farming area. Fresh local produce attracts thousands to London's Covenant Gardens, a farmers' market. Each September, London hosts the Winter Fair - Ontario's oldest fall fair established in 1868.

Incorporated in 1855, the City of London was selected as the original capital of the Province of Ontario, but lost this distinction to Toronto. The City is governed by a City Council composed of a Mayor, four members of Board of Control and fourteen aldermen. The population is about 265,000 inhabitants.

Some of the major employers are : Canada Trust, London Life, Kellogg- Salada, Excello, Firestone Steel, Northern Telecom, Labatts and many other major corporations.

London's cultural attractions includes an art gallary, a symphony orchestra and a professional theatre compay. Academic quality and scenic beauty are combinedon the campus of the University of Western Ontario.

The location of London, 100 miles west of Toronto, in the centre of south-western Ontario gives it access to many major Canadian and American cities in less than one day's driving for shipping purposes. The Mac-Donald Cartier Freeway (401) serves as a main street for southern Ontario, with London having immediate access to this road system

LONDON .. Continued.

The London region draws its water through pipelines from both Lake Erie and Lake Huron. These pipelines serve both industry and residential users.

The City is served by regular railway transit and there is a municipal airport.

A typical 10-acre industrial site is priced at about $22,500 per acre with one to ten acre sites selling between $30,000-$35,000 per acre.

The City which is situated along the Thames River boasts acres of parks and some of the finest tree lined residential streets in Ontario with many stately and large, older homes. There are numerous tourist sites, a good downtown shopping area all combined with an unhurried small town atmosphere.

Lebow Appraisal Services

LONDON, ONTARIO - REAL ESTATE MARKET

ACANCY RATES

Apartments	- 3.8% in April,1981, as per C.M.H.C Survey.
	- (2% in Oct. 1981, as per telephone survey).
Retail Space	- No statistics available - 2% estimated.
Office Space	- No statistics available - 2% estimated.
Industrial	- No statistics available - 3% estimated.

ENTAL RATES

Apartments	- 2 bedroom - $200 to $300 per month
Townhouses	- 3 bedroom - $300 to $400 per month
Retail Space	- $8.00 to $20.00 per sq.ft. in downtown
Retail Space	- $9.00 to $20.00 per sq.ft. in outlying plazas
Office Space	- $9.50 to $16.00 per sq.ft.in downtown area
Industrial	- $1.50 to $2.75 per sq.ft. throughout the city.

OUSING COSTS

The cost of a home ranges from $40,000 to $100,000 for 3 to 4 bedrooms.

The average price for a 1200 sq. ft. detached brick bungalow, five to eight years old with three bedrooms, 1 1/2 bathrooms, one car attached garage and full basement on a 6000 square foot, fully serviced lot, is $71,000 according to a Canadian survey of house prices as of June, 1981.

Prepared by: Economic Development Division, London, Ontario

Date: October, 1981

LONDON, ONTARIO - THE HOTEL MARKETPLACE

On May 3rd, 1982 a meeting was held at the Toronto offices of the firm of Laventhol and Horwath, chartered accountants. Present were the appraiser and Mr. John Burt. The Laventhol and Horwath firm is recognized as one of the leading authorities on hotel and motels, in North America and their clientele includes many major chains. They have indicated the following information which relates to the Armory Project in London, Ontario.

1.) The current cost of developing a Journey's End Motel is about $30,000.00 per room, which includes land, construction, furniture, fixtures and equipment, plus interim financing. This chain builds rooms catering to the bargain seeking traveller and provides basic and well-designed facilities.

2.) The 560 room Carlton International Hotel on Dixon Road, Toronto, was just completed at between $25,000-$30,000.00 per room. The land is leased, but is estimated to be valued at an additional $4,000.00 per room.

3.) There are now about 1,400 rooms in London at present (See brochure contained herein).

4.) The average London hotels and motels achieved an average occupancy of 65% in 1981 at an average room rate of approximately $38.00 per day.

THE ARMOURIES - HOTEL/RETAIL PROJECT

HISTORY

The Armouries (sometimes spelled Armories) were erected in 1913 and have been a London landmark since that time. They have served the armed forces through three major wars and have been well maintained by the government over the years. The centre of the building is a large parade area with offices and quarters along the Dundas Street side. 90% of the building is two storey with numerous turrets, as evident in the photographs herein. The building has a gross floor area of about 40,000 square feet (rounded) which can be increased, as the centre portion is an open plan and a second floor could be created. The exterior is of clay brick with stone foundation and stone along the ramparts. The overall appearance is that of a pseudo-castle.

THE PROPOSAL

We have been instructed by the owners representatives that the proposal for the existing site is to:

-retain the existing building and create 30,000 square feet of retail space along the two main streets; (Boutiques, shops, restaurant, etc.)

-create a minimum of 200 parking spaces in the covered parade grounds with ramps and to add an additional floor level for this usage;

-erect a new 200 room hotel in co-operation with Day's Inn of Canada, rising from the centre of the existing building and directly over the parade/parking area.

LOCATION

THE SITE

The Armouries are situate adjacent to the City Centre complex which includes the flagship of the Holiday Inn chain, the Holdiay Inn, City Centre Tower and the Canada Trust office towers. The buildings include an enclosed shopping mall with numerous shops and boutiques. This is also the convention centre of London and is number 3 in Ontario for the convention business.

The site is strategically located at the south-western intersection of two of London's main streets, Dundas and Waterloo. This site is in the heart of the business and financial section of the City and most offices and businesses are within easy walking distance of this location.

The site is grade at street level and is flat table land with no problems requiring fill. The site is a landmark in London and will provide an easily identifiable address for the new tenants of the completed project.

IDENTIFICATION OF SUBJECT PROPERTY

LOCATION:

At the south-west intersection of Waterloo and Dundas Streets, City of London, Ontario and municipally known as: 325 Dundas Street East, London.

LEGAL DESCRIPTION:

Part Lots 4 and 5, South side of Dundas Street East, London (Parts 1, 2, P33R-3673) subject to easement in favour of City over Part I and together with right-of-way over Parts 5,6,7 and 8, 33R,3673.

ZONING:

Local Business I. By-Law #CP. 306 (D.2)

ASSESSMENT:

According to City roll #050-010-008
Current Assessment is: $163,410.00

TAXES:

1981 taxes were: $23,980.42

SITE AREA:

42,040 square feet with 266.28 frontage on Dundas Street.

ACQUISITION:

Closed December 6, 1981.

Charlottenburgh Properties Limited to William Player (In Trust)

$1,250,000 Sale Price with $750,000 down payment.

PART TWO

THE VALUATION

VALUATION

METHODS OF VALUATION

There are three approaches to estimating the market value of property:COST, INCOME (Capitalization), and COMPARISON (Market Data).

In the Cost Approach the appraiser is examining the construction market. An analysis is made of the current cost of constructing the improvements, which includes the cost of materials, labour, overhead, and profit. The estimate is then adjusted to reflect any loss in value due to depreciation and added to the estimated market value of the land site, which is based upon the Market Data Approach to value.

The Income Approach is based upon the Income that the property can generate. The Net Annual Income is a direct indication of its value. Value is estimated by capitalizing this Net Annual Income. The validity of the Income Approach depends on the reliability of the data and the proper use of capitalization.

The Comparison Approach uses actual sales of comparable property(s) as a basis for estimating the value of the subject property, with adjustments for the many differences between each sale and the subject. The validity of this approach depends on the similarity of the property(s) used as measures of comparison. The more comparable the property, the less the adjustment process (in dollars) and therefore, the greater the degree of reliability. The smaller the adjustments, the closer to the adjusted Market Value of the subject property.

DIRECT SALE METHOD

COMPARISON APPROACH

The following pages contain land sales within the London City core. A few sales, as noted, are to close this year, and the corresponding Agreements of Purchase and Sale are enclosed. The study of sites is comprehensive and the final correlation is deemed to be conservative for appraisal purposes.

COMPARABLE A

Instrument No.	606145 Dated Sept.11/81. Reg. Oct. 30/81
Vendor:	Andrew M. Spriet & Dennis F. Plowright
Purchaser:	Eastern Canadian Greyhound Lines Ltd.
Legal Description:	All of Lot 16, & Pt. of Lot 17 S/S York St. W. and Pt. Lots 16 & 17 N/S Bathurst St. West, designated as Parts 1 & 2 33R4841
Consideration:	$875,000 cash $400,000 property exchanged
	$1,275,000
Property Exchanged:	Lot 11 S/side York St. W. S & E Part 1 32R67
Total Area	1.072 acres = 46696 sq. ft.
Rate	$27.30 per sq. ft. of land area.

COMPARABLE B

The following is a copy of an Agreement of Purchase and Sale, with attached survey, which is to close September 30, 1982.

Sold for $54.06 per square foot.

AGREEMENT OF PURCHASE AND SALE

URCHASER CAMLON INVESTMENTS INC., Suite 603, 372 Bay Street, Toronto, Ont. offers to buy from
ENDOR DOUBLEFIVE HOLDINGS LIMITED c/o Colony Investments Ltd., 525 Exeter Road, London, Ontario , through Purchaser's
GENT Equity Growth Realty Inc., 246 Waterloo Street, London, Ontario N6B 2N4, the following
ROPERTY: fronting on the East side of Ridout Street North known municipally as 384-386 Ridout Street North
the City of London County of Middlesex
nd having a frontage of 81 feet more or less by a depth of 109 feet more or less and described as
'art of Lot 20 South side of Dundas Street and Part of Lot 20 North side of King Street comprised of Parts 2, 3 and 4 on Survey Plan 32R-72, together with a right of way over Parts 1 and 5 on Survey Plan 32R-72 and subject to a right of way over Part 2 on Survey Plan 32R-72 at the PURCHASE PRICE of

FOUR HUNDRED AND ~~FIFTY~~ Seventy five THOUSAND ---------- Canadian Dollars ($Can. ~~450,000~~ 475,000.00)

on the following terms:

1. Purchaser submits with this offer TEN THOUSAND ---------- Dollars ($ 10,000.00)
cash/cheque payable to ~~Vendor~~ Agent as a deposit to be held by him in trust pending completion or other termination of this Agreement and to be credited towards the Purchase Price on completion.

2. Purchaser agrees to pay the balance of the purchase price as follows:

   a) a mortgage back to the Vendor to secure the principal sum of ~~$330,000~~ $355,000.00, said mortgage to mature 5 years after the closing date with a right to prepay in whole or in part at any time without notice or bonus, repayable interest only half-yearly, and bearing interest at the rate of ~~10~~ 11 percent per annum; and

   b) the balance of the purchase price, subject to adjustments by certified cheque on closing date.

2A. Attached hereto and forming part of this offer is Schedule "A".

$54.06 ¢

8787 sq.ft. =
(Subject to R.o.w. over ~~Part~~)

Together with R.o.w.

3. Purchaser and Vendor agree that all existing fixtures are included in the purchase price except those listed hereunder:
NONE

and that the following chattels are included in the purchase price:
NONE

4. ~~Purchaser~~ Vendor agrees that this Offer shall be irrevocable by him until 11.59 p.m. on the ~~15~~ 21st day of September 19 81 , after which time, if not accepted, this Offer shall be null and void and the deposit shall be returned to Purchaser without interest or deduction.

5. This Agreement shall be completed on the 30th day of September , 19 82 . Upon completion, vacant possession of the property shall be given to Purchaser unless otherwise provided as follows:

Non-residential tenancies terminable on not more than 3 months notice.

6. ~~Purchaser shall be allowed until the 30th day prior to the date of closing to examine the title to the property at his own expense, to satisfy himself that there are no outstanding work orders affecting the property, that its present use (commercial) may be lawfully continued, and that the principal building may be insured against risk of fire.~~

7. Vendor and Purchaser agree that there is no condition, express or implied, representation or warranty of any kind that the future intended use of the property by Purchaser is or will be lawful except as may be specifically stipulated hereunder.

NONE

8. Purchaser acknowledges having inspected the property prior to submitting this Offer and understands that upon Vendor accepting this

SCHEDULE "A" to an offer made
by Camlon Investments Inc.
to Doublefive Holdings Limited
c/o Colony Investments Ltd.
for the property municipally
known as 384-386 Ridout Street
North, City of London, County
of Middlesex

1. All notices and payments which may be or are required to be given under this agreement shall be delivered or sent by registered mail, in the case of the Vendor, to the Vendor at its address shown herein or to the solicitors for the Vendor and in the case of the Purchaser, to the Purchaser at its address shown herein or to the solicitors for the Purchaser, or at such other place as either party may from time to time designate by written notice to the other given in accordance with this clause. Notices and payments which are delivered or sent in the manner aforesaid shall conclusively be deemed received for all purposes hereof, in the case of those delivered, on the day of such delivery, and, in the case of those given by registered mail, on the second business day following that upon which the notice or payment was so mailed. Notwithstanding the foregoing provisions of this clause with respect to mailing, in the event that it may be reasonably anticipated that due to any strike, lockout or similar event involving a postal service, any payment or notice will not be received by the addressee by the second business day following the mailing thereof, then the mailing of any such payment or notice shall not be an effective means of sending same but rather any such payment or notice shall be sent by the most reasonably expeditious means of transportation available.

2. Included in the purchase price and the conveyance shall be all the rights and interests of the Vendor in and over the lands adjacent to the property including rights of way appurtenant to the property.

3. The Vendor covenants and agrees with the Purchaser to do nothing to encumber or lease the said property after the execution of this agreement and while the same is in effect save and except for non-residential leases terminable on not more than three months' notice.

4. This agreement shall enure to the benefit of and be binding upon the parties hereto, their respective heirs, executors, administrators, successors and assigns.

5. It is understood and agreed that the Purchaser shall have the sole and unfettered right and option to terminate this agreement at any time by written notice to the Vendor given on or before the 31st day of August, 1982. In the event this agreement is terminated as provided for in this clause, this agreement and everything herein contained shall be null and void and no longer binding upon any of the parties hereto and the Vendor shall be entitled to retain the said sums paid as deposits.

6. The purchaser shall be allowed 20 days from the acceptance of this counteroffer to examine the title to the property at his own expense, to satisfy himself that there are no outstanding work orders affecting the property, that its present use (commercial) may be lawfully continued, and the vendor shall promptly upon receipt of any requisitions on title attempt to answer the same and satisfy the purchaser thereon. If within 30 days after the acceptance of this counteroffer, ie 10 days after the last date for submitting requisitions, such requisitions, if any, have not been satisfactorily answered by the vendor or waived by the purchaser this agreement shall be at an end and the deposit

which is being held by the agent shall be returned to the purchaser. In no event shall the parties engage any applications under the Vendors and Purchasers Act or any other proceeding in connection with such requisitions, the intent of this agreement being that the purchaser shall satisfy himself as to title and upon being satisfied with the aid of any answers the vendor may be able to furnish within the time aforesaid, this agreement shall remain in force and the said deposit shall at the expiration of 30 days from the date of acceptance of this counteroffer, together with all accrued interest, be delivered and paid over to the vendor.

The purchaser shall notify the agent in writing on or before the expiration of 30 days after the acceptance of this counteroffer in the event he is not satisfied as to title and failing such notification, it shall be deemed that the purchaser has been satisfied as to title and the agent shall thereupon on the 31st day after acceptance of this counteroffer pay over the deposit , together with all accrued interest, to the vendor.

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Pending the disposition of the deposit to either the purchaser or the vendor, the agent shall invest the same in a term deposit with a chartered Bank or Trust Company, and shall be holding the same in trust for both parties in accordance with this agreement.

9 Provided that the title to the property is good and free from all encumbrances except as aforesaid [illegible] If within the time allowed for examining the title any valid objection to title, or to any outstanding work order, or to the fact the said present use may not lawfully be continued, or that the principal building may not be insured against risk of fire is made in writing to Vendor and which Vendor is unable [illegible] to remove, remedy or satisfy and which Purchaser will not waive, this Agreement, notwithstanding any intermediate acts or negotiations in respect of such objections, shall be at an end and all monies theretofore paid shall be returned without interest or deduction and Vendor and Vendor's Agent shall not be liable for any costs or damages. Save as to any valid objection so made by such day and except for any objection going to the root of the title, Purchaser shall be conclusively deemed to have accepted Vendor's title to the property.

10 Purchaser shall not call for the production of any title deed, abstract, survey or other evidence of title to the property except such as are in the possession or control of Vendor. Vendor agrees that, if requested by the purchaser, he will deliver any sketch or survey of the property in his possession or within his control to Purchaser as soon as possible and prior to the last day allowed for examining title.

11 All buildings on the property and all other things being purchased shall be and remain until completion at the risk of Vendor. Pending completion, Vendor shall hold all insurance policies, if any, and the proceeds thereof in trust for the parties as their interests may appear and in the event of substantial damage, Purchaser may either terminate this Agreement and have all monies theretofore paid returned without interest or deduction or else take the proceeds of any insurance and complete the purchase.

12 Provided that this Agreement shall be effective to create an interest in the property only if the subdivision control provisions of The Planning Act are complied with by Vendor on or before completion and Vendor hereby covenants to proceed diligently at his expense to obtain any necessary consent on or before completion.

13 Purchaser shall be credited towards the Purchase Price with the amount, if any, which it shall be necessary for Purchaser to pay to the Minister of National Revenue in order to satisfy Purchaser's liability in respect of tax payable by Vendor under the non-residency provisions of the Income Tax Act by reason of this sale. Purchaser shall not claim such credit if Vendor delivers on completion the prescribed certificate or his statutory declaration that he is not then a non-resident of Canada.

14 Fire insurance shall be assigned to the Purchaser on closing subject to the consent of the insurer having been obtained to such assignment, and the vendor shall supply to the purchaser at least five (5) days before the completion date details of any such policy to be so assigned."

15. Unearned fire insurance premiums of any policy to be assigned pursuant to paragraph 15 herein, rents, mortgage interest, taxes, local improvements, water and assessment rates and the cost of fuel shall be apportioned and allowed to the date of completion (the day itself to be apportioned to Purchaser)."

16. The deed or transfer shall, save for the Land Transfer Tax Affidavits, which shall be prepared and completed by the Purchaser, be prepared in registrable form at the expense of Vendor and the Mortgage at the expense of Purchaser.

17. Time shall in all respects be of the essence hereof provided that the time for doing or completing of any matter provided for herein may be extended or abridged by an agreement in writing signed by Vendor and Purchaser or by their respective solicitors who are hereby expressly appointed in this regard.

18 Any tender of documents or money hereunder may be made upon Vendor or Purchaser or their respective solicitors on the day for completion of this Agreement. Money may be tendered by bank draft or cheque certified by a chartered bank, trust company or Province of Ontario Savings Office.

19. This Agreement shall constitute the entire agreement between Purchaser and Vendor and there is no representation, warranty, collateral agreement or condition affecting this Agreement or the property or supported hereby other than as expressed herein in writing. This Agreement shall be read with all changes of gender or number required by the context.

DATED at Toronto this 14th day of September, 19 81 24

SIGNED, SEALED AND DELIVERED in the presence of:

IN WITNESS whereof I have hereunto set my hand and seal:

CAMLON INVESTMENTS INC. Date

Per: Date

PRESIDENT ~~Secretary-Treasurer~~

The undersigned accepts the above Offer.

DATED at London this day of September, 19 81

SIGNED, SEALED AND DELIVERED in the presence of:

IN WITNESS whereof I have hereunto set my hand and seal:

DOUBLEFIVE HOLDINGS LIMITED Date

Per: Date

The Undersigned Spouse of the Vendor hereby consents to the disposition evidenced herein pursuant to the provisions of The Family Law Reform Act, 1978, S.O. 1978, c.2, as the same may be amended from time to time.

In consideration of the sum of One Dollar ($1.00), the receipt of which from the Purchaser is hereby acknowledged, the undersigned spouse of the Vendor hereby agrees with the Purchaser that he/she will execute all necessary or incidental documents to give full force and effect to the sale evidenced herein.

Witness Spouse Date

ACKNOWLEDGEMENT

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale, and direct the agent to forward a copy to my solicitor.

(Vendor) Date

(Vendor) Date

Address:

Telephone No.

Vendor's Solicitor

I acknowledge receipt of my signed copy of this accepted Agreement of Purchase and Sale, and direct the agent to forward a copy to my solicitor.

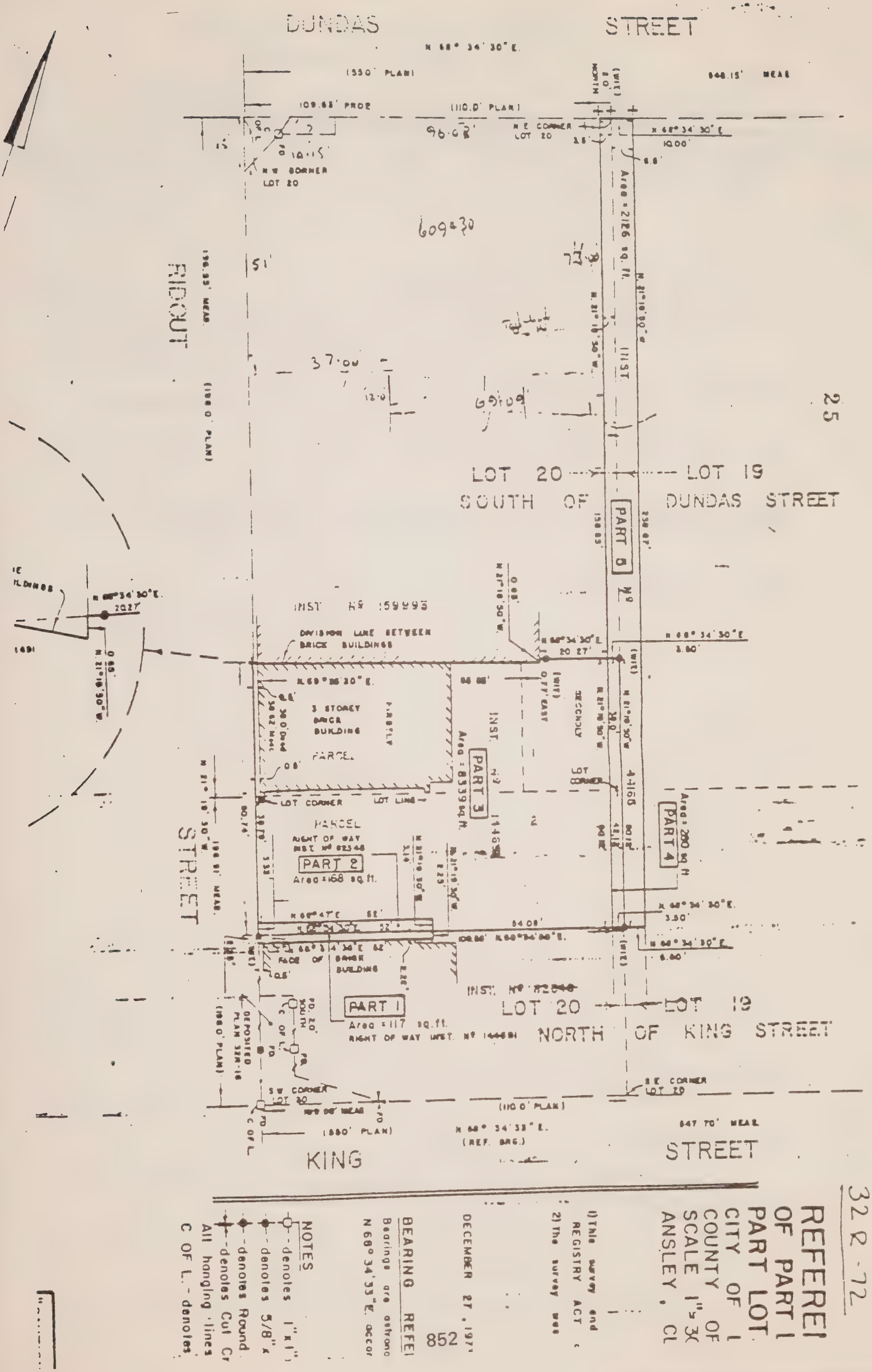
(Purchaser) Date

(Purchaser) Date

Address:

Telephone No.

Purchaser's Solicitor



DUNDAS STREET
N 68° 34' 30" E
(550' PLAN)
109.85' PROD
(110.0' PLAN)
N.E. CORNER LOT 20
N.W. CORNER LOT 20
N 68° 34' 30" E 10.00'
Area = 2126 sq. ft.
RIDOUT STREET
LOT 20 SOUTH OF DUNDAS STREET
LOT 19
PART 5
INST. Nº 159995
DIVISION LINE BETWEEN BRICK BUILDINGS
N 68° 34' 30" E 20.27'
N 68° 34' 30" E 3.80'
3 STOREY BRICK BUILDING
PARCEL
INST.
PART 3
Area = 8339 sq. ft.
LOT CORNER
LOT LINE
RIGHT OF WAY INST. Nº 82546
PART 2
Area = 168 sq. ft.
PART 4
FACE OF BRICK BUILDING
INST. Nº 82546
PART 1
Area = 117 sq. ft.
RIGHT OF WAY INST. Nº 144681
LOT 20 NORTH OF KING STREET
LOT 19
S.E. CORNER LOT 20
S.W. CORNER LOT 20
DEPOSITED PLAN 33R-16
(110.0' PLAN)
(550' PLAN)
N 68° 34' 33" E (REF. BRG.)
847.70' MEAS.
KING STREET
25
32R-72
REFERE
OF PART I
PART LOT
CITY OF L
COUNTY OF
SCALE 1" = 3
ANSLEY, CL
1) This survey and
REGISTRY ACT
2) The survey was
DECEMBER 27, 197
BEARING REFE
Bearings are astrono
N 68° 34' 33" E accor
852
NOTES
denotes 1" x 1"
denotes 5/8"
denotes Round
denotes Cut Cr
All hanging lines
C OF L - denotes

COMPARABLE C

Attached on next page is an Agreement of Purchase and Sale to close October 28, 1982.

This 55,000 square foot parcel sold for $60.00 per square foot.

ONTARIO [illegible] AL ESTATE ASSOCIATIC[illegible]

AGREEMENT OF PURCHASE AND SALE

URCHASER, CAMLON INVESTMENTS INC., Suite 603, 372 Bay Street, Toronto, offers to buy from
ENDOR, Edgar J. Woodland, In Trust, through Purchaser's
GENT, Equity Growth Realty Inc., 246 Waterloo Street, London, Ontario N6B 2N4, the following
ROPERTY: fronting on the south side of Dundas Street West, east side of Ridout Street North and north side of King Street West, City of London, as described in Schedule "A" and outlined in red on Schedule "B" annexed hereto (the "Property"), having an area of approximately 55,000 square feet, at a Purchase Price equal to $60.00 per square foot multiplied by the actual square footage of the Property, and now estimated at

THREE MILLION, THREE HUNDRED THOUSAND ———————— Canadian Dollars ($Can. 3,300,000.00)

on the following terms:

1. Purchaser submits with this offer ONE HUNDRED FIFTY THOUSAND———————— Dollars ($ 150,000.00) ~~cash~~/cheque payable to Vendor's/~~Agent~~ solicitor as a deposit to be held by him in trust in an interest-bearing account, pending completion or other termination of this Agreement and to be credited together with interest earned thereon towards the Purchase Price on completion.

2. Purchaser agrees to pay the balance of the Purchase Price as follows:

   (a) the sum of $750,000.00 subject to adjustments by certified cheque on closing,

   (b) the balance by way of mortgages as set forth in paragraph 6 of Schedule "C" annexed hereto.

3. Attached hereto and forming part of this offer are Schedules "A", "B" and "C".

55,000 SQ.FT. ±

$60.00

4. Purchaser and Vendor agree that all existing fixtures are included in the purchase price except those listed hereunder: NONE

and that the following chattels are included in the purchase price: NONE

5. Purchaser agrees that this Offer shall be irrevocable by him until 11:59 p.m. on the 1st day of MARCH 19 82, after which time, if not accepted, this Offer shall be null and void and the deposit shall be returned to Purchaser without interest or deduction.

6. This Agreement shall be completed on the 28th day of October, 19 82. Upon completion, vacant possession of the property shall be given to Purchaser unless otherwise provided as follows:

   Non-residential tenancies terminable on not more than 3 months notice.

7. Purchaser shall be allowed until ~~the 30th day prior to the date of~~ closing to: examine the title to the property at his own expense, to satisfy himself that there are no outstanding work orders affecting the property, that its present use (commercial) may be lawfully continued, and that the principal building may be insured against risk of fire.

8. Vendor and Purchaser agree that there is no condition, express or implied, representation or warranty of any kind that the future intended use of the property by Purchaser is or will be lawful except as may be specifically stipulated hereunder.

NONE

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COMPARABLE D

Instrument No. : 611016 Dated January 25, 1982 Regd. Feb.3, 198

Vendor: Talbot Inn (1982) Limited (Glen Wood)

Purchaser: 486195 Ontario Limited

Legal : Lots 16, 17 and Pt. Lot 18. S/S Dundas St. W. and all Lot 16 north of King St. W.

Now shown as Parts 1-8 and 12-23 incl. 33R4926
Together with R.O.W. Parts 24 - 33R4926
& 9,10 & 11

Subject to R.O.W. Parts 7 & 8.

Consideration: L.T.T. #9822
(See statement of adjustments attached)
$4,588,436.16 Total

N.B. Transaction closed Feb. 3, 1982. However due to title complications, the cash on closing was not disbursed until March 1, 1982. It was held in the Solicitor's trust account and secured by mortgages.

Site Area : 59,590.58 sq. ft.
Rate : $77.00 per sq. ft.

This rate was the basis of the sale price.

Lebow Appraisal Services

COMPARABLE E

Owner : Old YM/YWCA Property

Location: South west corner Wellington Road & Queens Ave.

Title: No recent Deed, Plans or other entries against its title as of March 29/82.

Sales: Reportedly sold approx. 1-2 years ago to Rivertown Developments. (Goodwin Brothers).
Undisclosed price and terms (Not closed - agreement only).
$\$50 \pm$

Resold to Siftons early 1982
Price \$2.2-\$2.4 million ± \$100.00 per sq.ft.(rumour only)

Not yet closed. To close in Fall 1982± ?

Site Area: Complex assembly commencing mid 1800's
No plans available.

COMPARABLE F

"Y.M.C.A." Site

Instrument No.	596824
	King & Waterloo Streets, Pt. Lots 6,7, 8 London 6/2/81 5/28/81 221-52
Vendor:	Alcor Investments Limited
Purchaser:	The Young Men's and Young Women's Christian Association of London 433 Wellington St., London.
Legal:	P nil, Pt. Lts. 6,7,8 Dundas St.,Lts. 6,7 Pt. L8 N King St. (Pts.1,2,P44R 4551) ROW LS - 1,913,970 - - 1,913.970
Site Area:	63,801 sq.ft. from R. Pinn
Rate :	$30.00 per sq. ft.

R.O.W's

Subject to Parts 2 & 6 33R 4551 for owners Parts 3 & 4

Together with Parts 3, 33R 4551 for owners Parts 1,2,5 & 6.

Lebow Appraisal Services

COMPARABLE G

Instrument No. 572786

W/S Clarence St., Pt.L6 London
COM-25,110 5/30/80
010-010-116-00 5/13/80

209-11

Vendor: Truscan Realty Limited

Purchaser: 440894 Ontario Ltd. - Alan Richman
c/o Concept Properties , 562 Waterloo St. London

Legal: P nil, Pt. L6 S/S Queens Ave.
(0.203 ac)
250,000 - 950,000 1,200,000
(cont'd) VTB

(Contd.)
Instrument No. 572786
209-11
S/S Queens Ave., Pt. 16
010-010-117-00
P nil Pt. L6 N/S Dundas St.

2 Parcels

L.S.	A) 80.67 x 109.89	8865 sq.ft.
	B) 76' $\pm$ x irregular	7979 sq.ft.
		16,835 sq.ft.
V/L Between Dundas and Queens		$71.28 per sq.ft

Interest free
Mortgage taken back by vendor

A) Prior sale 1972 attached
B) " " 1979 attached

COMPARABLE H

ORIGINAL SALE

208-216216 Dundas St.
COM NC RU VC-226, 340
010-010-118-00

519268
London
7/14/78
7/12/78
V.186-34

Instrument No.	519268
Vendor:	District Trust Company
Purchaser:	Taralix Dev's. (London) Ltd. c/o 200 Dundas St., Ste.#700, London
Legal:	P nil, N/S Dundas St.,Pt. L6 110x122 (0.28 240,000 - 1,010,000 1,250,000.00
Site Area:	13910 sq. ft.
Rate	$89.86 per sq.ft.
Consideration	Subject to R.O.W. over 1590 sq.ft.

RESALE

208-216 Dundas St. E.	577335
VL-74780	London
010-010-118-00	8/8/80 7/25/80 211-19
Instrument No.	577335
Vendor	300623 Ontario Limited
Purchaser	Abak Estates Limited 40 University Ave., Ste. 918, Toronto
Legal	P nil, Pt. L6, N/S Dundas St. Fr 110 (0.28ac) 1,400,000 -- 1,400,000 Last sale 519268
Rate	$100.65 per sq. ft.

COMPARABLE I

Address:		222-224 King Street, London, Ontario
Instrument No.		570099 on April 15, 1980.
Date of Transaction:		March 19, 1980
Vendor:		Lonex Holdings Limited - Wes Suchard
Purchaser:		Ontario Parkades Ltd.
Legal Description:		Part Lot 5, North side King City of London, County of Middlesex
Lot Size:	Feet.	90.6 on King, 148.12 on Clarence - 14,374 sq.ft.
	Meter.	27.63 on King, 45.18 on Clarence - 1,337 M2
		L.T.T. #8577
Consideration:		$1,350,000.00
		Not confirmed (source J.W.Egerton A.A.C.I.)
Location:		North east corner King and Clarence Streets
Remarks:		Vacant land

Selling Price:

Feet.	$ 14,900.66	per Fr.Ft. on King
	$ 9,114.23	per Fr.Ft. on Clarence
	$ 93.92	per sq.ft.
Meter:	$ 48,860.00	per Fr.M on King
	$ 29,880.28	per Fr.M. on Clarence
	$ 1,009.72	per M2

Site Area :	14,307 sq.ft.
Rate :	$94.36 per sq.ft.

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COMPARABLE J

Address:	371 Wellington Street, London, Ontario
Date of Transaction:	February 21, 1979
Instrument No.	539678 on March 7, 1979
Vendor:	Imperial Oil Limited
Purchaser:	John Stewart Farquharson (In Trust)
Legal Description:	Pt. Lot 1, N/S King St. west of Wellington St., Plan Nil, City of London, County of Middlesex.
Lot Size:	Feet: 87.8 x 100 (8767 sq. ft. (Plus ROW 877 sq.ft.) Metre: 26.75 x 30.5 (815.88 M^2)
Consideration:	$857,000.00 (not confirmed. (Source J.W.Egerton A.A.C.I.) LTTA # 7902 Terms: cash
Location:	N/W corner Wellington and King Streets
Remarks:	Effectively vacant land purchase, by an adjoining owner, as part of land assembly. Older, boarded up service station building on property.

SELLING PRICE:

$ 97.75 per sq.ft.
$ 9,771.95 per front foot (Wellington)
$ 8,570.00 per front foot (King)
$ 1,050.40 per square metre
$ 32,037.38 per front metre (Wellington)
$ 28,098.36 per front metre (King)

Lebow Appraisal Services

COMPARISON APPROACH

THE LONDON SOUTH HOLIDAY INN

1210 WELLINGTON ROAD SOUTH, LONDON

This motel is being offered for sale and the next page outlines the details of the offering. The complex is situated in what local experts agree is a poor location and the larger Holiday Inn in the City centre is in direct competition.

The asking price is $4,600,000 or $21,596.24 per room.

Although not sold, these details are included as they show the competition within the marketplace for investors' dollars.

HMT REALTY CORPORATION

HOTEL MOTEL TAVERN SPECIALISTS

SALES DIVISION

LONDON SOUTH HOLIDAY INN

1210 WELLINGTON ROAD SOUTH
LONDON, ONTARIO - POP. 280,000

LOCATION - This property is situated on the east side of Wellington Road South approximately four miles South of the central business district of London and just North of Hwy 401.

LAND AREA - Consists of 11.94 acres with over 400 feet frontage on Wellington South, zoned service commercial.

AGE -	June 1962	(Original complex)	20 years	120 rooms.
	May 1967	(addition)	15 years	48 rooms.
	July 1970	(addition)	12 years	45 rooms.

FACILITIES -	Guest Rooms	213 rooms
	Dining Room	80 seats
	Restaurant	64 seats
	Lounge	72 seats
	Ballroom (Banquet)	200 (theatre style 300)
	Meeting Rooms (4)	69 seats
	Meeting (V.I.P.)	20 seats
	Campaign Room	50 seats
	Red Lion	40 seats
	Parking	415 cars
	Tennis court & Clubhouse	8 courts

SALES TO APRIL 82 YR END

	1977	1978	1979	1980	1981	1982
Avg. room rate occupancy %	26.82 52%	27.40 56%	28.62 55%	31.46 56%	35.22 58%	41.71 47%
Total Income	$1,821,574	$1,990,600	$2,122,604	$2,283,631	$2,577,602	$2,475,9
Costs % Cost	849,534 46%	896,565 45%	872,783 46%	944,323 44%	1,112,853 43%	1,127,5 45.54%
General Expense % of Gross	15%	14%	15%	14%	15.5%	17.7%
Gross Operating House Profit	698,226	820,117	824,460	964,582	1,065,714	912,3
%	38%	41%	39%	42%	41.35%	36.8

PRICE $ 4,600,000.00 (Canadian Dollars) (21,596) (19,700)

DOWN PAYMENT $ 1,600,000.00 (Canadian Dollars)

FINANCING Purchaser to arrange their own
First mortgage for approximately
$ 950,000.00 Balance $ 2,050,000.00
Vendor take back interest rate to be negotiable
Term 5 Years 10 Years amtorization

Net income before debt service and depreciation $ 713,749.00

The statements contained herein are based upon information as furnished by sources we deem reliable, but for which we can assume no responsibility and no warranty is made or implied.
This offer is subject to errors, change, omission, prior sale, or withdrawal without notice.

CAPILTALIZATION RATE SELECTION

Obtaining an overall capitalization rate is basically an investment analysis. The real estate market is not a cash market, and income-producing properties such as the Subject are rarely purchased solely with cash.

In valuing an investment property, therefore, it is reasonable to assume that the capital structure will consist of equity funds plus mortgage financing, and that the availability and terms of financing will affect the value of the property.

Prudent investors are vitally concerned with the prospects for the equity yield over the typical term of ownership, taking into consideration not only annual returns on equity capital, but also capital gain or loss at the time of reversion, sale, or refinancing of the property. This will also affect the value of the property.

The quality of an income stream is a major factor in determining the ability to attract capital. Conversely, the rate may be interpreted in terms of risk. The real estate market competes for investment capital against alternate opportunities. In each case, the rate of return is weighed against risks in the investment.

There is no precise fixed relationship between the real estate market and the rate of return of other investments, such as the bond market, but since all are rooted in the same national economy, there will be a tendency for them to be similarly affected during any specific pressure trend.

There are many capitalization techniques in use and with the trend towards computerization, new formulas and tables are being created. The appraiser has utilized three separate capitalization methods which are easily understood and are commonly used for real estate evaluation. For purposes of analyzing the Income Stream of the Subject Property, we have selected the following capitalization:

COMMERCIAL/RETAIL SPACE

The existing building (Armouries) will have 30,000 square feet of commerical space at a rental of $15.00 per square foot, net. This space will include a full restuarant with a liquor license and numerous retailers. The restaurant tenant has not been selected at time of this report.

We have used a ten year holding period for this portion of the project with a rental increase to $18.00 per square foot for the last 5 years. Based on the use of the capitalization process we have treated the income stream as an annuity.

THEREFORE:

$15. psf x 30,000 = $450,000.00 per annum or $37,500.00 per month
Based on an 14.00% risk rate with a factor of 43.354447
($37,500.00 x 43.354447) (first 5 year period) = $ 1,625,791.

$18. psf x 30,000 = $540,000.00 per annum or $45,000.00 per month
Based on an 14.00% risk rate with a factor of 65.393649-43.354447=
($45,000.00 x 22.039202) (remaining 5 year period) $ 991,764.
TOTAL VALUE OF RIGHT TO RECEIVE RENTAL INCOME $ 2,617,555.

Add reversion of land $3,000,000 present worth
Reversion factor of .297454* x $3,000,000.00 = $ 892,362
TOTAL PRESENT VALUE OF FUTURE WORTH = $ 3,509,917

ROUND TO $ 3,500,000

* Based upon a 12.50 % risk rate

CORRELATION OF DATA

PRICE PER ROOM

Based on the information supplied by Laventhol, Horwath and in consideration of the offering price of the established Holiday Inn, in London, we herein consider the price per room to be:

$ 20,000.00

PRICE PER SQUARE FOOT/LAND

Based on the detailed information which we have researched and documented herein we have placed greater weight on Comparable Sales "D", "G" and "H" and have tempered to a final estimate of the market value, on a per square foot basis of:

$ 75.00 per sq.ft.x (42,040 sq.ft.) round to $3,000,000.00 total land value.

PRESENT VALUE OF 10 YEAR INCOME STREAM

Based on the use of compound interest tables with a 14.00% risk rate for the commercial space and a 12.50% risk rate for the land only (reversion) we have established a present value of the future worth of:

$ 3,500,000.00

THEREFORE:

200 rooms at $20,000.00 per room	= $	4,000,000.00
Present worth of income stream	=	3,500,000.00
TOTAL VALUE ESTIMATE	$	7,500,000.00

SUMMARY OF DATA AND FINAL CORRELATION

We have used two approaches to value in the appraisal - the Comparison and the Income Approach. We have had to blend them into a final estimate of value as the appraiser is hampered by the lack of hotel sales within the London, or southern Ontario marketplace. Through our organizational contacts, the entire Eastern Canadian Hotel market was researched and save and except for the information provided by Laventhol, Horwath, no suitable hotel sales were found which could be used for comparison purposes. We have determined the price per square foot of the site and we have further determined the present worth of the right to receive the rent. We did not use the Cost Approach as it is not reflective of the market and does not reflect a yield on invested capital.

THEREFORE:

It is our professional opinion that the present Probable Selling Price of the Subject Property, as at August 17, 1982 is:

SEVEN MILLION, FIVE HUNDRED THOUSAND DOLLARS
$ 7,500,000.00 (CANADIAN)

DAYS INN OF CANADA

Enclosed in the Addenda is a draft agreement for a hotel franchise for the Armouries project. We have been advised by Laventhol, Horwath, that Days Inn do not permit any alcholic beverages on their premises. This is to be offset in the Armouries by having a large licensed restaurant in the renovated building.

We have further been advised that Days Inn head office in Georgia, U.S.A., is a thriving organization and is well regarded within the hotel industry.

We were not provided with funds nor were we requested to research the financial status of Days Inn of Canada. We, therefore, offer no opinion as to the value of the franchise agreement and base our appraisal solely on traditional appraisal applications and techniques using the information herein.

PART 3

- QUALIFICATIONS OF THE APPRAISER

- CERTIFICATION

Lebow Appraisal Services

QUALIFICATIONS OF BARRY A. LEBOW

.R.I. - Fellow of Realtor Institute
.P.A. - Residential Property Appraiser
.M.B. - Accredited Mortgage Broker
.R.E. - Counsellor of Real Estate
ntario Land Economist - Society of Ontario Land Economists
ertified Real Estate Instructor - Ontario Real Estate Association

EMBER:
Toronto Real Estate Board
Ontario Real Estate Association
Canadian Real Estate Association
Alpha Appraisal Association
Society of Ontario Land Economists
Society of Accredited Mortgage Brokers
Canadian Society of Real Estate Counsellors

PAST MEMBER: Education Committees - Toronto Real Estate Board
- Ontario Real Estate Association
Ontario Mortgage Brokers Association (13 years)

Served on "Committee of Expertise" to Canadian Colleges re: Real Estat Education.

Author "Principles of Mortgage Financing", Community College Textbook.

Teacher for mandatory introductory courses to real estate at:

- Seneca College
- Ryerson Polytechnical Institute
- Humber College
- Centennial College

Active guest speaker - Ontario Real Estate Association, and private seminars.
Author of many real estate articles (Financial Post; Toronto Calendar, etc.)
Expert court witness in real estate matters.
Expert representation to Revenue Canada on clients behalf for taxation

Lebow Appraisal Services

QUALIFICATIONS OF APPRAISER

TYPES OF PROPERTIES APPRAISED:

- Private Residences
- Office Buildings
- Apartment Buildings
- Churches
- Vacant Land
- Commercial Sites
- Building Lots and Subdivisions
- Industrial Buildings and Lots
- Apartment Sites
- M.U.R.Bs.
- Riparian Rights
- V-Day Tax Appeals
- Feasibility Studies

SUMMARY:

Since 1968, the appraiser has been involved in many aspects of th real estate profession, as an appraiser, realtor, mortgage broker builder and renovator, author, teacher, writer, and lecturer. Business assignments and appraisal work have ranged throughout No America, but concentration of work effort has been within the inn city core of Toronto.

Appraiser is at present working on advanced appraisal degrees.

Lebow Appraisal Services

SOME OF THE CLIENTS FOR WHOM WE HAVE APPRAISED

Bank of Montreal
Bank of Nova Scotia
Banca Commerciale Italiana
Royal Bank of Canada
Canadian Imperial Bank of Commerce
Toronto Dominion Bank
Montreal Trust
Seaway Trust Company
Continental Trust
Counsel Trust
Bayshore Trust
Canada Trust - Relocation Department
Ontario Mortgage Corporation
Greymac Mortgage Corporation
Shoppers Mortgage and Loan Corp.
General Foods of Canada
Municipal Savings and Loan
Ontario Secondary School Teachers Federation
Queen's Park Civil Servants Credit Union
Imperial Oil
Jewish Family and Child Services
Cadet Cleaners
Budd Automotive
Hanna Mining Corporation
Merril-Lynch Relocation Management Inc.
Zurich Insurance Company

PLUS NUMEROUS:

Realtors
Mortgage Brokers
Accountants
Legal Firms
Private Owners
Corporations
Charitable Foundations

Lebow Appraisal Services

CERTIFICATION

I hereby certify:

That I have personally made an inspection of the subject property;

That no legal advice was made available, and the appraiser assumes no responsibility for matters legal in nature;

That I have no interest, past, present or foreseeable in the Subject;

That neither the employment to make the appraisal, nor the compensation is contingent upon the amount of the valuation;

That this report has been conducted within the Codes of Ethics of the many professional real estate associations and societies, to which Lebow Appraisal Services and Barry Lebow, are members in good standin

That all information and statements contained herein are correct, according to my knowledge and belief, subject to the limiting conditions and assumptions.

CONTINGENT AND LIMITING CONDITIONS

That the legal description as furnished is assumed to be accurate;

That the title is assumed to be good and free of defects;

That no soil tests or surveys were undertaken for this appraisal;

That any agreements of purchase & sale, if included, have been represented to the appraiser as being at "arm's length".

That within the terms of contract for my employ, I am not required t give evidence in a court of law; Revenue Canada; a mortgage office legal firm; an accountant office, nor any other attendance, unless a new contract for my employ is entered into;

That this report can be used for <u>mortgage financing purposes only,</u> and no part of this publication can be used for any other purpose without the written consent of the appraiser, and in any event only in its entirety.

That no part of the report can be used for media purposes or public relations, without the written authorization of the appraiser.

That the lease as represented is at "arm's length". That no opinion is given as to the financial status of the tenant(s).

125 Dundas Street East, London

This property is registered as William C. Player, having been purchased from Charlottenburg Properties Limited June 1981, who acquired the property from the Crown, February 1980.

Originally built as National Defence Armoury and Training Establishment, circa 1925, the building is now vacant pending demolition and re-development.

The land area is 0.965 acres and building coverage is 100%; described as Parts of Lot Nos. 4 and 5, south side of Dundas Street East, in the East Division of the City of London.

The property is presently zoned as "Local Business 1" which is a relatively restrictive zoning and the existing structure is non-conforming.

The building comprises a single storey, high bay section formerly used as Drill Hall with basement and two storey section, section formerly used as armoury and offices. The structure is massively constructed with limestone and solid brick exterior walls including crenallated trurrets, steel framing and wood roofs. Ground floor area 40,293 sq. ft. With the property vacant, maintenance is minimal and superficial deterioration is rapidly increasing.

325 Dundas Street East, London

Since this is not a revenue producing property of a specialized nature, our value estimate is limited to the Cost Approach to value.

As a result of our investigative research, analysis of data obtained and conclusions reached, in our opinion, the Market Value of this property as of December 22nd, 1982 would be equitably represented with a value range of:

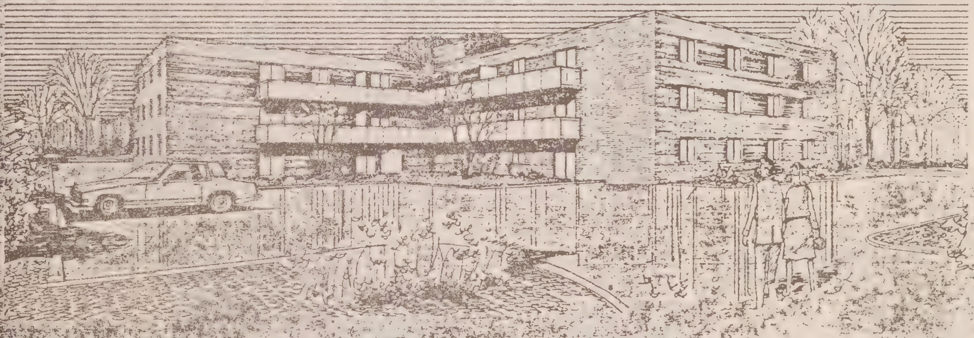
$2,500,000./$2,800,000.

Example of Kilderkin
MURB package -- Owen
Sound property

Exhibit 14
W. C. Playan

1825 6TH AVE. W., OWEN SOUND

A 23 UNIT MURB PROJECT



Developed by:

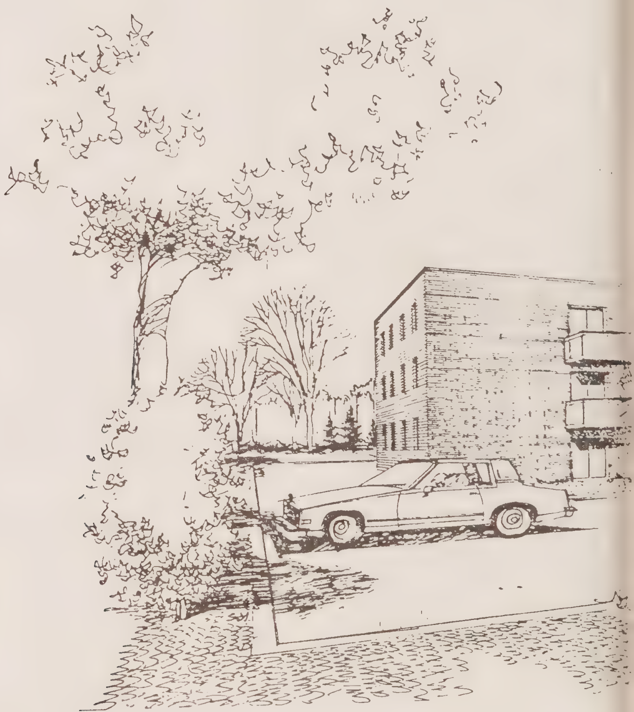
KILDERKIN INVESTMENTS LTD.

23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

Developed by:

Kilderkin Investments Ltd.
165 Dundas Street West
Mississauga, Ontario
L5B 2N6
Phone: (416) 276-2112

Artist's Conception



23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

Index

23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

Summary

DEVELOPMENT	An apartment building qualifying as a Multiple Unit Residential Building (MURB) divided into 23 equal interests.	
LOCATION	Owen Sound, Ontario	
INVESTMENT	Land	$ 3,000
	Building	23,775
	Furniture and fixtures	1,500
	Prepaid interest	6,100
	Mortgage arrangement fee	1,875
	Rental guarantee fee	2,000
	Leasing costs	400
	Legal and accounting	350
		39,000
	Cash flow deficiency payable between 1982 and 1989	14,750
		$53,750
PAYMENT	15% Mortgage, payable $467 monthly including principal and interest, maturing March 31, 1987	$37,500
	Down payment	1,500
	Cash flow deficiency payable in varying amounts between 1982 and 1989	14,750
		$53,750

23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

Investment Concept

The investor is acquiring a 1/23rd interest in an apartment building containing twenty-three suites and located at 1825 6th Ave. W., Owen Sound, Ontario. This apartment building is a multiple unit residential building (MURB) and the investment qualifies for certain income tax benefits available to the purchasers of MURB's.

The investor acquires the investment for a total cost of $53,750. This cost is allocated as follows:

Land	$ 3,000
Building	23,775
Furniture and fixtures	1,500
Prepaid interest	6,100
Mortgage arrangement fee	1,875
Rental guarantee fee	2,000
Leasing costs	400
Legal and accounting	350
	39,000
Cash flow deficiency payable in varying amounts between 1982 and 1989	14,750
	$53,750

The purchase price will be paid as follows:

15% Mortgage, payable $467 monthly including principal and interest, maturing March 31, 1987	$37,500
Down payment	1,500
Cash flow deficiency payable in varying amounts between 1982 and 1989	14,750
	$53,750

The cash flow deficiency payments are regular payments which the investor makes to the developer. They will be used to finance the excess of expenses over rental income during the period to December 31, 1989 and they will not change from those set out below. The cash flow deficiency payments will be secured by a promissory note and will be payable as follows:

1982	(payable 1/9 monthly)	$ 2,300
1983	(payable 1/12 monthly)	2,800
1984	(payable 1/12 monthly)	2,550
1985	(payable 1/12 monthly)	2,200
1986	(payable 1/12 monthly)	1,850
1987	(payable 1/12 monthly)	1,450
1988	(payable 1/12 monthly)	1,050
1989	(payable 1/12 monthly)	550
1990		NIL
1991		NIL
1992		NIL
		$14,750

The developer will rent the building from the investors and will provide all services and be responsible for all expenses shown in the projected cash flow analysis by unit.

The developer guarantees that the building will be operating as a minimum at a break even cash flow level at December 31, 1992. In the event that this is not the case, the developer will continue to rent the building from the investors at an amount which equals the actual operating expenses plus the mortgage principal and interest repayments until the project is at a break even cash flow. Assuming that the mortgage is renewed when it matures and before a possible sale of the property, the only cash required from the investor is the down payment, the monthly cash flow deficiency payments, and the mortgage principal repayments.

The project is a MURB owned by the investors. Each investor may sell his interest at any time.

23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

Benefits

The investment is a tax shelter which qualifies as a multiple unit residential building (MURB). MURB's offer numerous benefits which make them attractive to investors.

1. The investment provides the investor with an opportunity to own an interest in real estate with little of no after tax cost.
2. The investor may benefit from future capital appreciation of the property through a highly leveraged investment.
3. The investment provides a hedge against inflation.
4. The investment provides an opportunity to defer taxes in high income years to low income years.
5. The developer guarantees to rent the building from the investors until December 31, 1992.
6. Since the developer is renting the building from the investors, the cost of any vacancies is borne by the developer.
7. The developer guarantees each investor's cost to December 31, 1992.
8. The investor's cash flow requirement is fixed until December 31, 1992.
9. The developer guarantees that if the building is not at a break even cash flow by December 31, 1992, the developer will rent it at an amount which results in break even cash flow to the investor.
10. An investor may claim capital cost allowance (tax depreciation) reducing his other income and thereby deferring taxes.
11. Soft costs and other one time costs may permit a similar tax deferral.
12. The investment provides ownership flexibility. The investor may sell his interest at any time without further obligation to the developer.
13. The investor builds equity during the rental period. At December 31, 1992 the investor will have repaid $3,871 of mortgage principal.
14. Professional property management assures the investor carefree ownership.
15. The property manager will maintain the necessary accounting records.
16. Information required for the preparation of the investor's T1 tax return will be provided by the developer.

Guarantees and Covenants Provided by the Developer

The developer believes that for an investment to be attractive, it must be sound. The downside risk must be minimized and the profit must be maximized. The investor should first ascertain that the investment is attractive. Once he has decided that it is, he should then consider the tax advantages of this shelter.

We believe that this investment offers little downside risk and great potential for future profits. Highly leveraged real estate has been an excellent investment. We expect this to continue. As a result, we are prepared to make the following guarantees and covenants to the investors in this project.

1. To rent the 1/23rd interest from the investors for the rental income shown in the projected cash flow analysis by unit.

2. To guarantee the cost of the services and expenses included as expenses in the projected cash flow analysis by unit.

3. To manage the property.

4. To rent the building from the investors for the amount of the expenses plus mortgage principal being incurred on behalf of the investor beyond December 31, 1992 if the units are not breaking even on a cash flow basis at that date.

5. To guarantee the investor's cash requirement.

6. To provide an affidavit to the investors that they are the first purchaser of the MURB and that the property has been treated by the developer as inventory for tax purposes. This will ensure that the investor is not affected by the restricted interest rules announced in the November 12, 1981 federal budget.

7. To provide the investor with all the tax forms and documents necessary to claim the investment as a MURB.

23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

Taxation of the Investment

This tax information is general in nature and has been simplified for illustrative purposes. It is not intended to be a substitute for personal tax planning. Because the tax consequences for some individuals may be different than described, we urge each investor to consult his tax advisor.

MURB

The building qualifies as a multiple unit residential building (MURB). Capital cost allowance (tax depreciation) may be claimed and used to create a loss which will offset other income of the taxpayer. The capital cost allowance of the building permitted to the investor while it is owned is as follows:

1982	2½% of the amount attributed to the building
1983 and subsequent years	5% of the amount attributed to the building net of capital cost allowance previously claimed

INTEREST EXPENSE

Since the purchaser of the MURB qualifies as the first purchaser who owned and held the investment as a capital property, the interest expense incurred on the mortgage or any subsequent refinancing will not be subject to the restricted interest rules introduced in the November 12, 1981 federal budget. The interest will therefore be available to create a loss which may be used to offset other income of the taxpayer.

SOFT COSTS AND OTHER ONE TIME COSTS

Since the footings for the buildings were in place at December 31, 1981, the investor will be able to offset the soft costs as well as other costs normally deductible, providing that the amounts of both types of these costs are reasonable, against his other income. Some of the deductible soft costs and other one time costs in this project are the rental guarantee fee and the mortgage arrangement fee.

SALE OF UNIT

An investment in this building will qualify as a MURB to any subsequent purchaser. When the investment is sold, any capital cost allowance previously claimed may be recaptured and treated as fully taxable income to the investor. The excess of the proceeds, if any, on the sale of the land, buildings, furniture and fixtures over the original cost will be treated as a capital gain to the investor and one half of the gain will be taxed.

TAX SHELTER

The projected equity requirement by unit shows the tax effect for a taxpayer with an effective rate of 50.3%. This is the marginal tax rate resulting from the November 12, 1981 federal budget for a resident of Ontario with a taxable income of $53,376 or greater.

THORNE
RIDDELL
Chartered Accountants

Projection Review Comments

To the Directors of
Kilderkin Investments Ltd.

We have prepared the accompanying projected equity requirement by unit and the projected cash flow analysis by unit for the 23 Unit Project—1825 6th Ave. W., Owen Sound, for the nine months ending December 31, 1982 and for each of the ten years ending December 31, 1983 to 1992. Our review o the information on which the projections were prepared consisted primarily of inquiry and comparison

We do not express an opinion as to whether the actual results for the projected periods wi approximate those projected because the projections are based on assumptions made by managemen regarding future events which, by their nature, are not conducive to independent substantiation.

In our opinion, however, these projected statements properly reflect the assumptions used i their preparation.

Thorne Riddell
Chartered Accountant

Mississauga, Ontario
April 1, 1982

23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

PROJECTED EQUITY REQUIREMENT BY UNIT
(Unaudited — see Projection Review Comments)

	Nine months ending December 31	Year ending December 31									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
TAX SHELTER											
Leasing costs	$ 400										
Legal and accounting	350										
Mortgage arrangement fee	1,875										
Prepaid interest	915	$1,220	$1,220	$1,220	$1,220	$ 305					
Rental guarantee fee	139	186	186	186	186	186	$ 185	$ 186	$ 186	$ 186	$ 186
Capital cost allowance											
Building	594	1,159	1,101	1,045	992	942	894	849	806	765	726
Furniture and fixtures	150	270	216	172	137	109	87	69	55	44	35
Loss (income) from operations	2,304	2,810	2,521	2,199	1,848	1,456	1,025	545	16	(571)	(1,220)
TOTAL AMOUNT SHELTERED	$6,727	$5,645	$5,244	$4,822	$4,383	$2,998	$2,192	$1,649	$1,063	$ 424	$ (273)
CASH FLOW											
Tax savings at 50.3%	$3,383	$2,839	$2,637	$2,425	$2,204	$1,507	$1,102	$ 829	$ 534	$ 213	$ (137)
Cash from operations										571	1,220
	3,383	2,839	2,637	2,425	2,204	1,507	1,102	829	534	784	1,083
Investor's cash requirement											
Down payment	1,500										
Cash flow deficiency	2,300	2,800	2,550	2,200	1,850	1,450	1,050	550			
Mortgage principal repayment	118	180	208	240	277	321	371	428	495	572	661
	3,918	2,980	2,758	2,440	2,127	1,771	1,421	978	495	572	661
Net cash increase (decrease)	$ (535)	$ (141)	$ (121)	$ (15)	$ 77	$ (264)	$ (319)	$ (149)	$ 39	$ 212	$ 422
CUMULATIVE CASH POSITION	$ (535)	$ (676)	$ (797)	$ (812)	$ (735)	$ (999)	$(1,318)	$(1,467)	$(1,428)	$(1,216)	$ (794)

23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

PROJECTED CASH FLOW ANALYSIS BY UNIT
(Unaudited — see Projection Review Comments)

	Nine months ending December 31	Year ending December 31									
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
RENTAL OPERATIONS											
Rental income	$2,880	$4,224	$4,646	$5,111	$5,622	$6,184	$6,802	$7,483	$8,231	$9,054	$9,959
Expenses											
Superintendent	117	171	188	207	228	251	276	303	334	367	404
Insurance	36	52	58	63	70	77	85	93	102	113	124
Maintenance	108	158	174	191	210	231	255	280	308	339	373
Management	144	211	232	255	281	309	340	374	411	452	497
Snow and yard	27	39	43	47	52	57	63	70	77	84	93
Taxes	342	501	551	606	667	734	807	888	977	1,075	1,182
Utilities	324	475	522	574	632	695	765	841	926	1,018	1,120
	1,098	1,607	1,768	1,943	2,140	2,354	2,591	2,849	3,135	3,448	3,793
Net income before interest	1,782	2,617	2,878	3,168	3,482	3,830	4,211	4,634	5,096	5,606	6,166
Interest	4,086	5,427	5,399	5,367	5,330	5,286	5,236	5,179	5,112	5,035	4,946
LOSS (INCOME) FROM OPERATIONS	$2,304	$2,810	$2,521	$2,199	$1,848	$1,456	$1,025	$ 545	$ 16	$ (571)	$(1,220)

23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

ASSUMPTIONS
(Unaudited — see Projection Review Comments)

(1) Average unit rental per month is $320 for the period ending December 31, 1982.

(2) Rents increase 10% each year from 1983 to 1992.

(3) Management fees are 5% of rental income.

(4) Expenses increase by 10% per annum from 1983 to 1992.

(5) The investment requires the following financial commitment:

15% Mortgage	$37,500
Down payment	1,500
Cash flow deficiency payable in varying amounts between 1982 and 1989, secured by a promissory note	14,750
	$53,750

For tax purposes, the investment has been allocated as follows:

Land	$ 3,000
Building	23,775
Furniture and fixtures	1,500
Prepaid interest	6,100
Mortgage arrangement fee	1,875
Rental guarantee fee	2,000
Leasing costs	400
Legal and accounting	350
	39,000
Cash flow deficiency payable in varying amounts between 1982 and 1989	14,750
	$53,750

(6) The 15% mortgage, which matures in 1987, will be extended until December 31, 1992 at 15% with a twenty year amortization.

23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

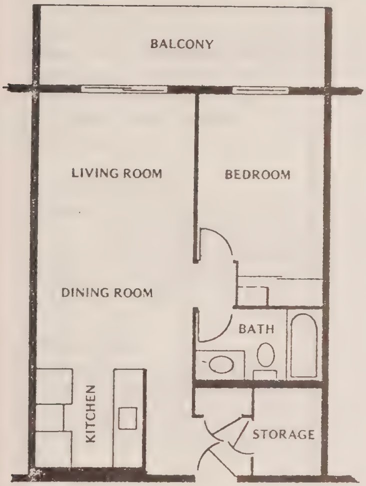
Description

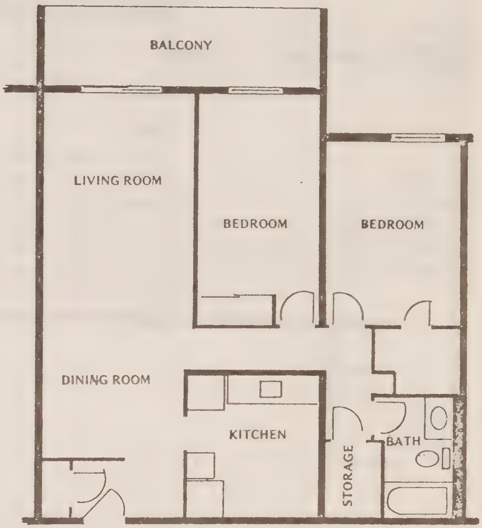
The project is an apartment building consisting of twenty-three suites. The project offers numerous quality features:

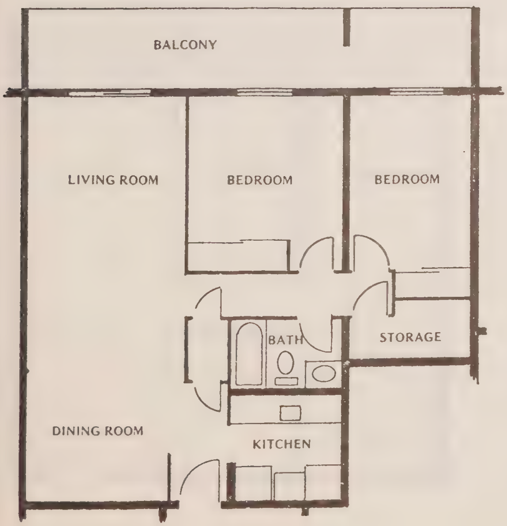
- Rigorous security and safety controls including:
  limited access entrance area
  full intercom system
  smoke detectors
  fire resistant interiors
- beautifully appointed foyer and reception area
- carpeted hallways
- laundry room with coin-operated machines
- beautifully landscaped grounds with patios
- broadloomed suites which include:
  spacious outdoor balconies
  individual storage rooms
  maintenance free aluminum windows
  fridge and stove
- all walls sound engineered for maximum privacy
- pre-wired for cable T.V.

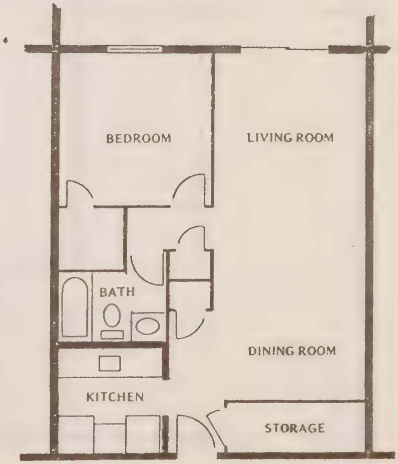
23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

Floor Plans



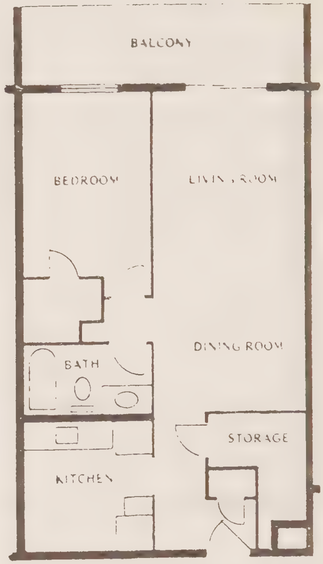


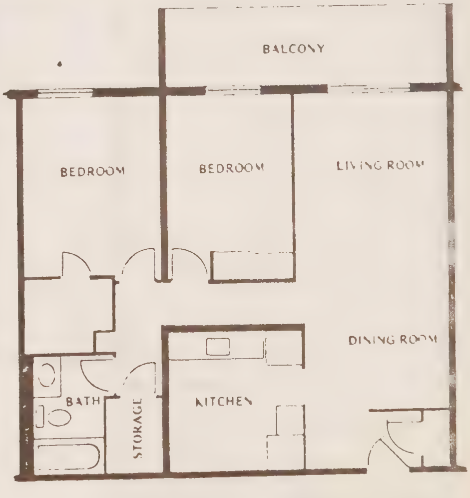




23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

Floor Plans





23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

City of Owen Sound

The City of Owen Sound is nestled in the valley of the Sydenham River. The Sydenham flows into the beautiful Georgian Bay at the Owen Sound Harbour, one of the best on the Great Lakes. Owen Sound is located in the heart of vacation territory. It offers many natural and man-made recreation activities.

POPULATION
Some 20,000 persons reside within the boundaries of Owen Sound with approximately 5,000 persons located immediately outside the city. An additional 100,000 persons are within commuting distance of the city.

HOUSING
Established neighbourhoods, modern subdivisions and apartment complexes offer housing accommodations to meet the varied lifestyles of residents. Home ownership runs at 80% in the city.

EDUCATION
There are two secondary schools with over 2,500 students. Seven public schools and two separate schools serve over 3,500 pupils. Technical, business, surveying, cultural and special interest courses are offered by the Owen Sound Campus of Georgian College. The University of Western Ontario operates a summer campus in Owen Sound, offering a wide range of degree credit courses.

TRANSPORTATION
Tree-lined, well-maintained streets and a growing modern transit system puts shopping and travel throughout the city within easy reach. Owen Sound offers road, rail and water routes to mass markets.

INDUSTRY
More than 20 industries provide a diversified industrial base employing many Owen Sound and area residents. Some 120 retail stores are to be found in the city. One enclosed shopping centre now exists and plans are on the drawing board for a major regional shopping complex.

23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

Area Map

23 UNIT PROJECT
1825 6TH AVE. W., OWEN SOUND

Location

F.C. Prokai appraisal
report on 89 Pine Street,
Sault Ste. Marie

APPRAISAL REPORT
OF
83 Condominium Units (M.U.R.B.)
89 Pine Street
SAULT STE. MARIE, Ontario

APPRAISAL REPORT
OF
83 Condominium Units (M.U.R.B.)
89 Pine Street
SAULT STE. MARIE, Ontario

Prepared for:

480840 ONTARIO LTD.
c/o 472601 ONTARIO LTD. (In Trust)
240 EGLINTON AVENUE EAST
SUITE 201
TORONTO, ONTARIO
M4P 1K8

Prepared by:

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C. Prokai REAL ESTATE BROKER
REAL ESTATE • MORTGAGES • INSURANCE

AN C. PROKAI, B.Sc. F.R.I., R.E.P.A.

June 14, 1982

480840 Ontario Ltd.,
240 Eglinton Ave. E.,
Ste. 201,
Toronto, Ontario.
M4P 1K8

Re: Appraisal Report of -
83 M.U.R.B. Condominium Units
in (103 suite Apartment Building)
89 Pine Street, SAULT STE.MARIE, Ontario

Dear Sir:

In accordance with your request for an appraisal of the within described real property, I have prepared and submit to you herewith this report.

The report was prepared as a Qualified Class 31 M.U.R.B. Investment, and contains some of the data gathered in my investigations.

In my opinion, the market value that is the present worth of all future rights and benefits which accrue to typical users through long term use and ownership of the real property, as of June 4th, 1982, was -

TEN MILLION FOUR HUNDRED & EIGHTY-SIX THOUSAND SEVEN HUNDRED &

FIFTY-FIVE --------------- ($10,486,755.00) ----------- DOLLARS

Respectfully submitted,

F.C. Prokai, B.Sc., F.R.I.
Realtor-Appraiser

FCP/mp
Encls.

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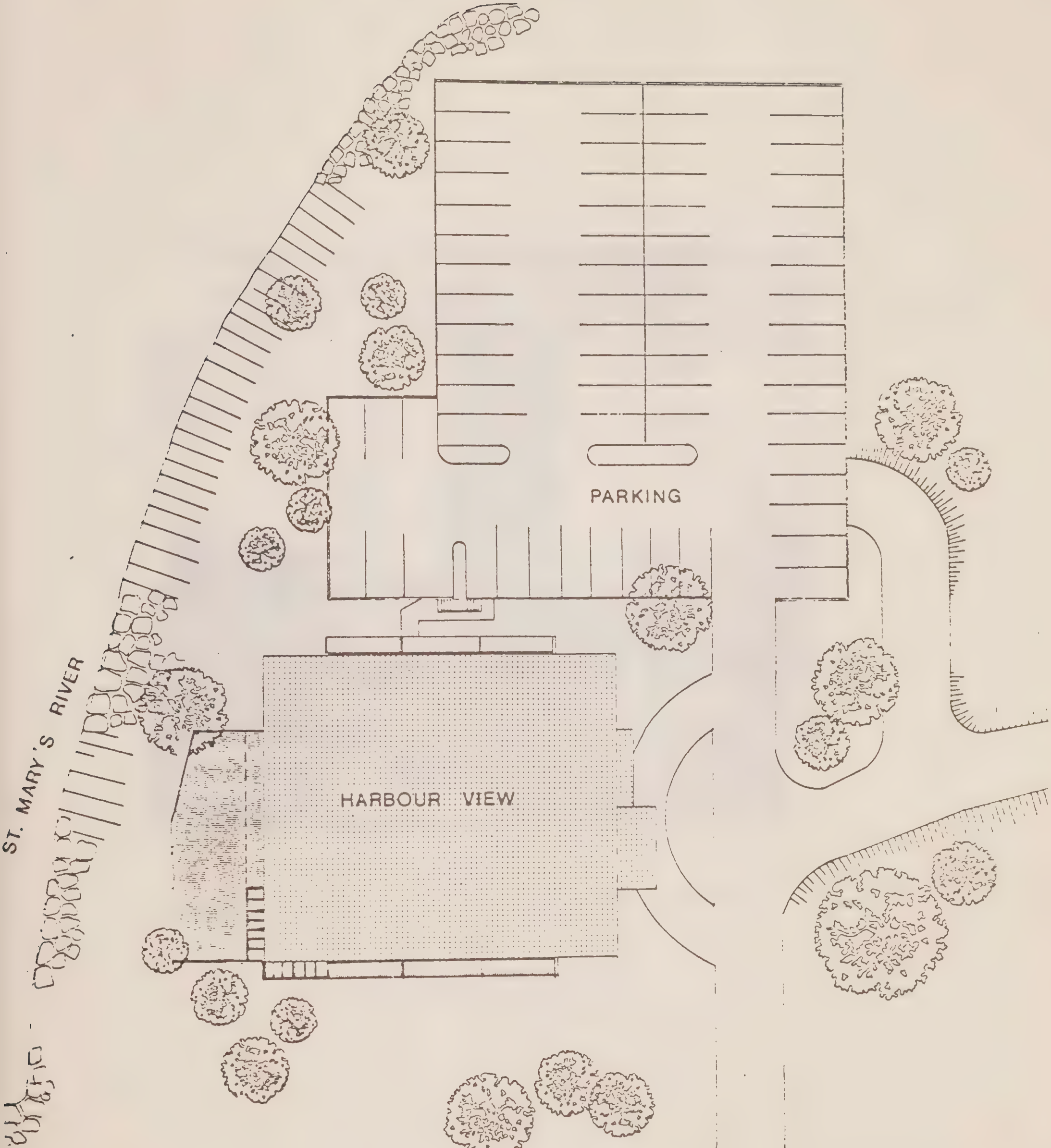
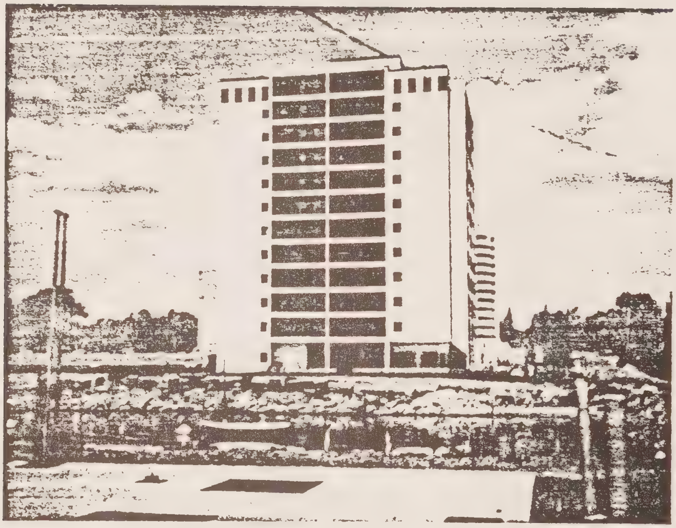
Harbour View





South Elevation of the Subject Building

South-East View from
Subject Building

South-East view of Subject Building
and St. Bernard Tower located north
thereof

North-East View of the Subject Building

View of St. Mary's River & U.S.A.

7-storey Apartment Building immediately
north of Subject Building

St. Bernard Tower - located north of
Subject Building

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is made expressly subject to the following conditions and stipulations:

1. That the title of the property is marketable.

2. That any liens or encumbrances which existed as of the date of this appraisal have been disregarded by the appraiser and that the property has been appraised as though free of indebtedness.

3. That no responsibility is assumed by the appraiser for legal matters, expecially those affecting title to the property.

4. That the legal description as given is correct.

5. That certain opinions, estimates, data and statistics furnished by others in the course of the appraiser's investigations are correct, but no responsibility for their accuracy is assumed.

6. That the appraiser is not required to give testimony in court with reference to the subject property, unless prior arrangements have been made.

7. Possession of this report or any copy thereof does not carry with it the rights of publication, nor may it be used for any purpose by anyone but the applicant, without the written consent of the appraiser.

8. Any sketches, photographs, maps, etc., that form part of this report, is to assist the reader in visualizing the property and its location.

9. No survey has been made of the property by the appraiser, or if there is one in existence, no responsibility is assumed for its accuracy.

SUMMARY OF FACTS AND CONCLUSIONS

This value applied as of the 4th day of June, 1982.

Property Appraised -	(83 Condominium Units), 89 Pine Street, Sault Ste.Marie, Ontario
Legal Description -	Part of Park Lot 10, Conc.1, of Park Lots, City of Sault Ste.Marie, as Part 1 on Ref. Plan 1R-4551, District of Algoma
Lot Size -	Irregular size - approx. 59,900 sq.ft.
Zoning -	RM-11 - High rise - multi dwelling
Improvements -	103 dwelling units - 12-storey apartment building (condominium
Remaining Economic Life -	50 years
Estimated Land Value -	$4,800.00 per suite

Estimates of Value:

Cost Approach -	1-bedroom -	$55,000.00
	2-bedroom -	$63,400.00
Comparative Approach (Per Unit non-MURB)	1-bedroom -	$54,500.00
	2-bedroom -	$61,300.00

Estimated M.U.R.B. Value of 83 Units as qualified Class 31 -	$10,486,755.00

APPRAISAL DATA

DESCRIPTION

The subject property is a 12-storey high rise luxurious Condominium Apartment Building, containing 103 dwelling units of which 51 are one bedroom units, 42 are two bedroom units and 5 are three bedroom units, as well as there are 5 penthouse units. This building contains an indoor swimming pool.

LOCATION

89 Pine Street, Sault Ste. Marie, Ontario.

LEGAL DESCRIPTION

Legal description of the subject property is as follows:
Part of Park Lot 10 in the First Concession of Park Lots in the Township of St. Mary now in the City of Sault Ste. Marie, District of Algoma and is located on Part 1 on a Reference Plan registered in the Land Registry Office for the District of Algoma as 1R-4551.

PROPERTY RIGHTS APPRAISED

Fee Simple.

DATE

The effective date of this appraisal is June 4th, 1982. The inspection of the property was completed in June, 1982 and the work done in conjunction with the report was also completed during the current month.

PURPOSE

The purpose of this appraisal is to estimate the value of 43-one bedroom condominium units and 40-two bedroom condominium units identified herein for the marketability on the basis of a Qualified Class 31, M.U.R.B. Investment. The units appraised are listed on the attached sheet.

	SE	S	S	SW	SW	SW	N	N	SE	SE
FLOOR	1	2	3	4	5	6	7	8	9	10
1						101-B Resident Mgr			102-B 63,000	103-A 51,000
2	201-B 68,000	202-A 53,000	203-A 53,000	204-B 66,000	205-A 53,000	206-B 66,000	207-A 52,000	208-A 52,000	209-B 66,000	210-A 53,000
3	301-B 69,000	302-A 55,000	303-A 55,000	304-B 69,000	305-A 55,000	306-B 69,[illegible]	307-A 52,000	308-A 52,000	309-B 67,000	310-A 55,000
4	401-B 70,000	402-A 57,000	403-A 57,000	404-B 70,000	405-A 57,000	406-B 70,000	407-A 52,000	408-A 52,000	409-B 68,000	410-A 57,000
5	601-B 71,000	602-A 59,000	603-A 59,000	504-B 71,000	605-A 58,000	506-B 71,000	507-A 53,000	508-A 53,000	509-B 69,000	510-A 58,000
6	601-B 72,000	602-A 61,000	603-A 61,000	604-B 72,000	605-A 59,000	606-B 72,000	607-A 54,000	608-A 54,000	609-B 70,000	610-A 59,000
7	701-B 74,000	702-C 110,000		703-B 74,000	704-A 60,000	705-B 74,000	706-A 55,000	707-A 55,000	708-B 71,000	709-A 60,000
8	801-B 75,000	802-C 115,000		803-B 75,000	804-A 61,000	805-B 75,000	806-A 56,000	807-A 56,000	808-B 72,000	809-A 61,000
9	901-B 76,000	902-C 120,000		903-B 76,000	904-A 62,000	905-B 76,000	906-A 57,000	907-A 57,000	908-B 73,000	909-A 62,000
10	1001-B 77,000	1002-C 125,000		1003-B 77,000	1004-A 64,000	1005-B 77,000	1006-A 58,000	1007-A 58,000	1008-B 74,000	1009-A 64,000
11	1101-B 78,000	1102-C 130,000		1103-B 78,000	1104-A 65,000	1105-B 78,000	1106-A 59,000	1107-A 59,000	1108-B 75,000	1109-A 65,000
Penthouse	P-1		P-2		P-3		P-4		P-5	

A - 1 BEDROOM   B - 2 BEDROOM   C - 3 BEDROOM   P - PENTHOUSE

SUBJECT UNIT LIST - (WITHOUT MARKINGS)

DEFINITION OF MARKET VALUE

The highest price estimated in terms of money which a property would bring if exposed for sale on the open market by a willing seller allowing a reasonable time to find a willing buyer, neither buyer nor seller acting under compulsion, both having full knowledge of the uses and purposes to which the property is adapted and for which it is capable of being used, and both exercising intelligent judgment.

ZONING

The subject property is located in an RM-11 area under By-law #4551. This zoning category allows apartments and apartment houses. Construction is permitted subject to the approa of a site plan by the City Planning Department. The land coverag is 13.9% (33% is the maximum). Landscaped area is 47.0%, (33% is the minimum). Total parking is 130 spaces which meets the minimum requirement.

The subject property conforms to the Zoning By-laws as well as meets the City Building Code requirements. There are no adverse restrictions or easements affecting the subject proper

CITY AND AREA ANALYSIS

Sault Ste. Marie is located in the District of Algoma on the St. Mary's River an International Port of Entry at the junction of the Trans-Canada Highway 17 east and west. The St. Mary's River connects Lake Huron with Lake Superior.

Sault Ste. Marie strategic location provides unlimited accessibility to all Great Lake Ports, Atlantic and World shipping via the St.Lawrence Seaway. The City is within 600 miles of some of North America's major markets.

The majority of the terrain in the Algoma District is rocky waste land, comprised of pre-cambrian shield. It is dotted with lakes and covered with forests of hardwood, soft-wood, and coniferous trees. The remaining terrain is arable land.

The District with its rugged terrain, dotted with lakes, virgin forests, rivers, waterfalls and wildlife make it one of the great recreational playground in Canada.

The history of Sault Ste. Marie can be traced back to about 1615 when the first white man, Etienne Brule, is known to have arrived there. In 1895 there were only 2,500 residents, and in just three quarters of a century Sault Ste. Marie has grown from a historic village into one of the most exemplary cities of Canada. Today, with a population of over 81,000, the city is a model of livability.

Sault Ste. Marie was incorporated as a city in 1912 and with the capitalization of the natural resources of the area by entrepeneurs, the City became industrialized and with it brought about a great influx of immigrants.

Sault Ste. Marie has developed into the second largest steel centre in Canada and Algoma Steel Corporation employs over 10,000 workers. Because of the high industrial employment, the City is union oriented. Tourism has also been a major factor in the economic growth of the City.

CLIMATE

Sault Ste. Marie has a maritime climate, even though it is situated well inland from the oceans at the edge of the Canadian Shield in the estern end of Lake Superior, the largest, deepest and coldest of the great lakes.

The frost free growing season extends from late May until early September with an average of eighty-three (83) frost free days per year. Transportation and communication systems are rarely affected by weather conditions.

POPULATION

The industrialization of the city created a great influx of immigrants and today it has a large Italian, French, German, Ukranian, Polish and Scandinavian population. Over 50% of the total population are other than British roots. Market area extends in a radius of some 100 miles from the City exclusive of the United States and serves a population of approximately 112,000.

HOUSING

Sault Ste. Marie offers a good supply of accommodations, available in single-family and semi-detached homes, townhouses, condominiums and modern apartment buildings.

	Rent-per mnth.	Purchase
3 Bedroom Home detached -	$400 - $500+	$60,000+
3 Bedroom Home (semi-detached) -	$365 - $420	$40,000-$50,000
Townhouse -	$355 - $420	---
Condominium:		
1 Bedroom -	$478 - $553	$50,000-$66,000
2 Bedroom -	$561 - $636	$63,000-$78,000
2 Bedroom Deluxe -	$678 - $753	$79,000-$88,000
3 Bedroom -	---	$105,000-$135,000
Apartment:		
Bachelor -	$230 - $290	---
1 Bedroom -	$320 - $360	---
2 Bedroom -	$390 - $420	---
3 Bedroom -	$400 - $450	---

Building lots in new subdivisions are selling from $18,000 - $28,000+ depending on frontage and area. All new subdivisions are required to supply Class "A" services which include sanitary sewer, water, storm sewer, paved roads, gutter, sidewalk and street lighting.

TRANSPORTATION

Sault Ste. Marie operates an efficient bus system servicing almost every area of the City. A basic half-hour service is provided, with 15 minute service during peak periods on most routes by a modern fleet of buses.

The City is also serviced by the Federal Sault Ste. Marie Airport, fourteen (14) miles from downtown Sault Ste. Marie, as well as, by a federally licensed heliport on the east end of the City, some four miles from downtown. Regular air passenger and freight is provided by Air Canada, Nordair and NorOntair. Charter air passenger and freight is provided by Air-Dale Ltd., and Ranger Lake Helicopers.

Access to all main inland ports on the Great Lakes

and to direct ocean shipping through the St. Lawrence Seaway are available at Sault Ste. Marie. The normal navigation season is from April 1st until December 26th.

Sault Ste. Marie is situate on the Trans-Canada Highway system and is also a border crossing into the United States.

Trans-Canada Highway 17 (East) - To Sudbury, Ottawa, Montreal. Two lanes, asphalt surface.

Trans-Canada Highway 17 (North) - To Thunder Bay. Two lanes, asphalt surface.

Interstate 75 (South) - Sault Ste. Marie, Michigan to Florida. Four lanes asphalt surface, connected with Sault Ste.Marie, Ontario via toll bridge.

All class and regular service is provided to all major points in Canada and the U.S.A. by 39 truck transport companies. Some of those companies maintain warehousing and terminal facilities.

Sault Ste. Marie is serviced by three bus lines providing passenger service to and from Sault Ste. Marie:

Greyhound Bus Lines,
Ontario Northland Highway Services, and
Steel City Coach Lines.

The City is also serviced by the following railways:

Algoma Central Railway (A.C.R.),
Canadian Pacific Railway (C.P.R.),
Canadian National Railway (C.N.R.) - No direct service to Sault Ste. Marie. Connections can be made with the C.P.R. at Sudbury and the A.C.R.at Oba, Ontario.

Soo Line Railway - Connects regularly with the C.P.R at Sault Ste. Marie, Ontario; Portland, North Dakota; and Emerson, Manitoba. Soo Line also connects with C.N.R. at Noise, Minnesota. The Soo Line makes connections with most American railways in various parts of the Northern United States and so is able to ship goods to any part of the United States from Sault Ste. Marie.

LABOUR

The current labour force for the City of Sault Ste. Marie is estimated at approximately 37,000 people. Of this, some 13,000 are employed in the local manufacturing industry.

There are 50 local unions in Sault Ste. Marie. Though highly unionized the labour scene is generally stable having had good relations with the management over the years. This has resulted in a low turnover rate in the work force.

The average weekly earnings are as per 1980 census, $344.08.

The present unemployment rate is approximately 12%.

HIGHEST AND BEST USE

Highest and Best Use is defined as: "That use of land which may reasonably be expected to produce the greatest net return to the land over a given period of time."

In establishing the "Highest and Best Use" three important factors must be considered:

(1) Legal

The lands must be legally designated for the present or contemplated use or must have a reasonable probability of being redesignated for the contemplated use.

(2) Physical

The lands must be suitable or capable of being physically adapted for the present or contemplated use.

(3) Economic

The present or proposed use must be economically feasible, that is to say, there should be a demand in the market place for the facilities offered by the site and improvements.

According to the recent apartment vacancy survey conducted by Canada Mortgage and Housing Corporation, the vacancy factor for apartment dwelling accommodation is .05% in the City of Sault Ste. Marie. In a luxurious high rise building the vacancy rate is almost zero. These figures were confirmed by the local real estate people and by the Planning Officials.

The subject building meets all the requirements for full tenancy and the site developed is considered to be a legal use.

Therefore, the utilization of the site is deemed to be the highest and best use of the property.

NEIGHBOURHOOD DATA

Harbour View Apartment Building is situated in the south-east section of Sault Ste. Marie, and particularly in a community known as "The Soo". The approximate 59,900 square foot site is located at the foot of Pine Street, overlooking the beautiful St. Mary's River in a long-established, well maintained, prestigious neighbhourhood. The superior location of this development is evidenced by its close proximity to downtown and with respect to its relationship to the St. Mary's River, which provides an aesthetically pleasing setting and establishes a visually positive environment for the complex.

The property itself is afforded a superb view of the river and benefits from its accessibility to such areas as the 40-acre Bellevue Park, complete with greenhouses, bandshell, small zoo, sailing club and picnic facilities, the Queen Elizabeth Park (35 acres), the Sault Ste. Marie Golf and Country Club and the municipal marina.

The complex possesses excellent accessibility both in terms of the local and regional road systems as it is only a short travelling distance from all major highways that lead out of the city. Public transportation runs on Queen Street.

Queen Street acts as a major east-west artery running throughout the city and becomes the main street of the Central Business District, approximately 1.2 km. to the west.

Furthermore, from the demographic information and knowledge that people move within a 3 to 4 mile radius of their present dwelling, the complex is well-located when one considers its locational aspects, which include a significant portion of the Soo households in terms of high household income, expensive homes and professional occupations.

SITE ANALYSIS

The subject site is on an irregular shaped corner lot, having its frontage on the west side of Pine Street and abutting the St. Mary's River.

The access to parking area of site is from Pine Street.

The total lot area is approximately 59,900 square feet. The configuaration of the property is more particularly illustrated in the enclosed plot plan.

The site is level and portion of it is a reclaimed land. The footings are on piles, sitting on a bedrock to a depth of approximately 20 feet. There are no adverse soil conditions visible. The grading of side yards is sloping away from the building, and no water problem was visible at the time of inspection.

Municipal services include sanitary and storm sewers and water supply. Utilities such as hydro electric power, natural gas, telephone sercice and cable T.V. are readily available. Other usual municipal services are also available.

Pine Street is paved and has curbs. There are no sidewalks.

SITE VALUATION

In the general area of the subject property, there have been two unimproved multi-family sites. This indicates that the Market Data or comparative approach to site valuation is the correct approach. For this report, the two comparable sites have been inspected and studied to ascertain where adjustments are required to compensate for differences between the subject and the sales. Adjustments were made for location, time, size and shape as well as physical characteristics.

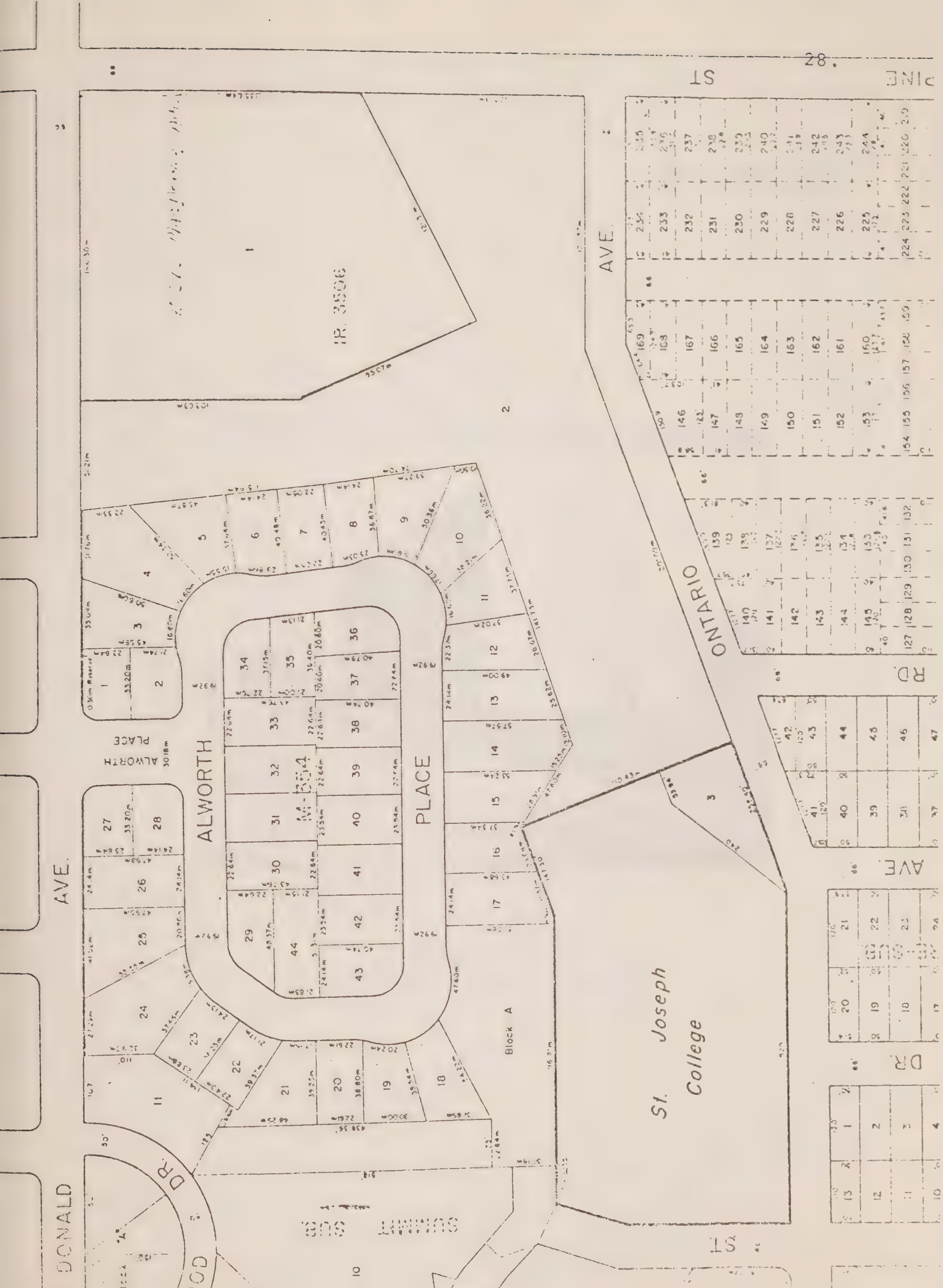
Sale #1 - "Pine Crest Village"
313 MacDonald Street, Sault Ste. Marie, Ontario
Zone for 125 units
Presently 59 units built
Purchase price of land per unit in 1980 - $5,000.00

Sale #2 - 134 Breton Road
Breton Place
44 unit building
Purchased from City - $4,600.00 per suite

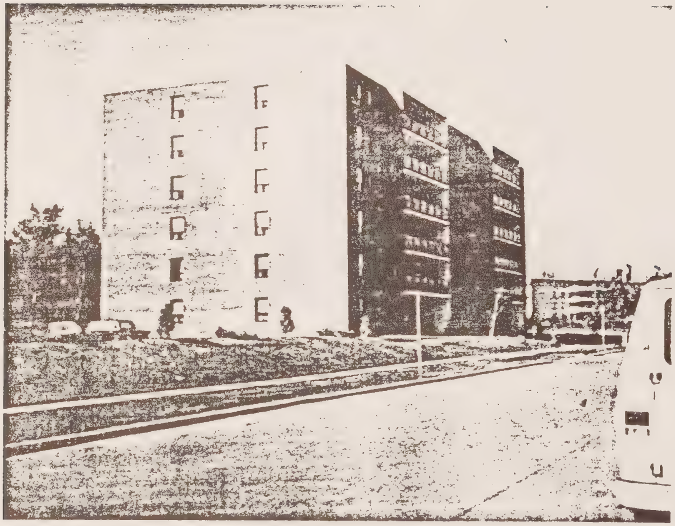
The two comparable sales are of good quality. Sale #1 however tends to be at the upper limit of land value in the city. Sale #2 was sold on open tender. The subject site is in a better location as compared to the two sales and the consensus is that a value of $4,800.00 per suite is justified, including all levies and service cost.

COMPARABLE SALE #1

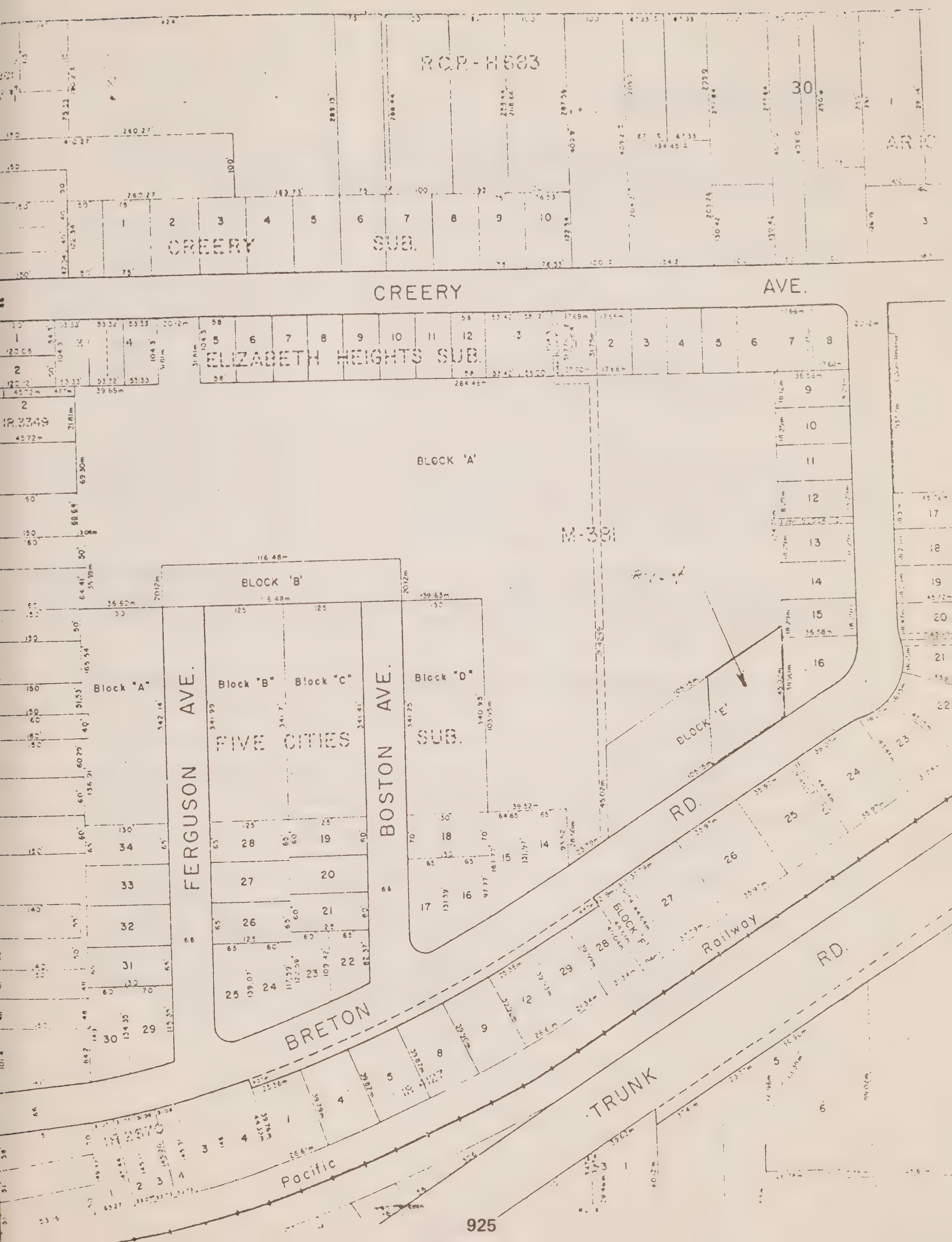
313 MacDonald Street
SAULT STE. MARIE, Ontario.


28.
ALWORTH
PLACE
ONTARIO
AVE.
RD.
DR.
St. Joseph
College
Block A
DONALD

COMPARABLE SALE #2



134 Breton Road
SAULT STE. MARIE, Ontario.


RCP-H583
30
CREERY
SUB.
CREERY
AVE.
ELIZABETH HEIGHTS SUB.
BLOCK 'A'
M-381
BLOCK 'B'
Block "A"
Block "B"
Block "C"
Block "D"
FERGUSON AVE.
BOSTON AVE.
FIVE CITIES
SUB.
BLOCK 'E'
BLOCK 'F'
BRETON
RD.
TRUNK
RD.
Pacific
Railway

SUBJECT IMPROVEMENTS

The subject building is a 12-storey reinforced concrete structure without basement, constructed in 1981 to conform to the City of Sault Ste. Marie Building Code.

The building consists of 103 condominium dwelling units composed of:

51 - 1 bedroom units	(approximately floor area)	- 740 sq.ft.
42 - 2 bedroom units	" " "	- 875 sq.ft.
5 - 3 bedroom units	" " "	- n/a
5 - penthouse units	" " "	- n/a

All the apartments have a living, dining and bedroom(s), kitchen, 1-4pc. bathroom, storage room and a walk-out to an enclosed solarium. The building measures 90.5' x 102.7' and has approximately 9,300 sq.ft. floor area. The units have a good layout with adequate closet space. Each apartment has individual storage space and laundry facilities.

The first floor contains 3 apartments, lobby, office, additional laundry room, electrical room, recreation room, built-in swimming pool with whirlpool bath, sauna room, change room and 2-2pc. washrooms and shower.

The upper level floors (2 to 6) contain 10 units each on each floor; 7 to 11 - 9 units; 12th floor - 5 penthouse units.

Foundation -	Reinforced concrete set on piles which are on bedrock
Walls -	Concrete/painted
Windows & Doors -	Thermo-broken, double glazed aluminum windows; aluminum frame solarium doors; fire rated metal doors for service areas; safety glass in aluminum frame lobby door; hollow-core wooden doors in apartments.

Floors -	All floors are reinforced concrete covered with carpeting in living, dining and bedrooms and hallways; Vinyl flooring in kitchen, vestibule, hall, bathroom, storage, closet, corridor, stairwell and laundry room; Quarry tiles in vestibule, lobby and corridor.
Roof -	Built-up roofing - rigid insulation on concrete slab.
Interior Trim -	White pine/painted.
Interior Finish -	1/2" drywalls, painted and wall-papered; stippled ceilings; dropped ceiling in hallways, brick walls in corridor.
Baths -	1-4pc. bathroom in each apartment with coloured fixtures; ceramic tiled tub enclosure; tiled flooring; vanity.
Kitchen -	Modern design custom cupboard with double stainless steel sinks; built-in dischwasher and coloured appliances.
Heating -	Self-contained electric heating with separate thermostat control.
Electricity -	The electrical system conforms to the electrical code of the City; the public areas are adequately lighted both externally and internally; all apartments have adequate outlets and service.
Elevator -	2 standard type.
Laundry facilities -	Each unit has a built-in washer and dryer; First floor has additional laundry facilities consisting of 6 coin operated washers and 6 coin operated dryers, laundry tub and 1-2pc. washroom.

Parking -	Open concrete two-level parking garage, sprinkled and mechanically ventilated; parking space for 130 cars.
Miscellaneous -	Fully tiled swimming pool with skylights, sauna and change room, whirlpool bath; a lounge/meeting room; intercom system controlling the main entrance; fire detectors and manual pull stations; cable T.V. system; professional landscaping; paved driveway.

RENTAL ANALYSIS

The present rental structure of the apartments in the building are:

1-bedroom units - $425.00 - $545.00 per month

2-bedroom units - $510.00 - $655.00 per month

All rents include parking and hydro.

The monthly rental rate is determined by the location of the apartment unit. The south, east and west views command higher rentals as do the upper floors. The appraiser is of the opinion that a more firm price with less variation is justified as there is a demand for this type of accommodation particularly on the river front. The subject building is one of three luxurious apartments in the city. A similar type of building located north thereof, namely, the St. Bernard's Tower has rentals from $553.00 to $753 per month plus $25.00 per month for parking. Both buildings have the same amenities.

CONCLUSION

As stated above. The demand for accommodation in a classified luxury building is high in the city. A higher rental structure is justified and there is no resistance in rental increase of 10%.

The Residential Premises Rent Review Act, 1975 (Ontario) does not apply to the project, as it was constructed subsequent to the legislation; therefore, the project is able to compete freely in the rental market place.

APPROACHES TO VALUE

In determining the value of the subject property, two basic approaches to value have been considered; these are:

1. The Cost Approach, or (Reproduction Cost);

2. The Market Comp~~ra~~arative Approach, or (Market Data).

COST APPROACH TO VALUE

This appr~~ao~~oach involves estimating the replacement cost of improvements and subtracting value loss by physical and economic causes. The total value is determined by adding the land value.

This method is straight forward and tends to set the maximum value of the property. The difficulty lies in determining the actual land value and in estimating the depreciation in existing buildings.

For support of the selected reproduction cost figures, the appraiser relied upon Boeckh's Commercial Building Cost Guide in conjunction with the Schedule of Unit Costs, as published by the firm of Helyar and Associates Ltd., Chartered Quantity Surveyors. The appraiser has also made other enquiries to developers regarding costs and the figure applied is an accepted one.

The appraiser has consulted with the superintendent of construction, responsible for building of comparable building, "St. Bernard's Tower" having the same amenities as the subject building. Exclusive of outside improvements the cost per square foot was $57.00. This price included swimming pool, underground parking, etc.

COST APPROACH

(Per Condominium Unit)

Land - (vacant) - $ 4,800.00

Reproduction Cost:

1-bedroom -	
740 sq.ft. @ $57.00/sq.ft. -	$42,180.00
+ 10% hallway, etc. -	4,218.00
Outside improvements per suite -	2,000.00
Chattels -	1,800.00
	$50,198.00
Land -	4,800.00
	$54,998.00
Rounded to -	$55,000.00

2-bedroom -	
875 sq.ft. @ $57.00/sq.ft. -	$49,875.00
+ 10% hallway, etc. -	4,987.00
Outside improvements per suite -	2,000.00
Chattels -	1,800.00
	$58,662.00
Land -	4,800.00
	$63,462.00
Rounded to -	$63,400.00

COMPARATIVE SALES

The comparative sales approach implicates the concept of substitution which affirms that a prudent purchaser would not pay any more for a property than the price for which he could obtain a substitute property provided that there is no undue delay in making such alternate acquisition.

This approach is a direct method for finding the market value of a real property. It is estimated by comparing other similar properties which have recently sold or are offered for sale in the open market. Of the appraisal methods the comparative sales approach is the most frequently use, best understood and generally preferred.

In the City of Sault Ste. Marie, there are only two condominium buildings, and the subject building is one of the two. The other building is the St.Bernard's Tower located immediately north of subject building. There are no sales of units in the comparable building which are priced at

1-bedroom units - $55,000 - $64,000

2-bedroom units - $65,000 - $74,000.

The price is structured to location in building.

In the subject building the record indicates that 3 - 1-bedroom units have been sold, which are as follows:

Unit 203 - $53,000

" 207 - $52,000

" 503 - $59,000

?

2 - 2-bedroom units have been sold:

Unit 601 - $72,000

" 604 - $72,000

The price structure for 1-bedroom units are:

$51,000 - $65,000

2-bedroom - $63,000 - $78,000

The appraiser was able to find comparable sales of condominium units in Toronto which have the same amenities and same rental structure.

Of the various sales investigated, the following were deemed to provide indications as to the value of the units in the subject building.

BUILDING #1

133 Torresdale Avenue
City of North York

Remarks: 25-storey apartment building of masonry construction Condominium No. YCC 551

Amenities: Indoor and outdoor pools, tennis, and squash courts, exercise room, sauna, party room, underground parking.

Unit Sale:

Unit 904	July/81	Instr.B-711098	5 rooms	$67,000.00 $52,000.00 D.P	
" 1007	Aug./81	" B-714817	5 rooms	$76,000.00 Cas	

BUILDING #2

100 Antibes Drive
City of North York

Remarks: 27-storey apartment building of masonry construction Concominium No. YCC 398 "Adult Building".

Amenities: Underground parking.

Unit Sale:

Unit 704	May/81	Instr.B-720273	5 rooms	$68,000.00 $28,000.00 D.P.
" 804	Mar./81	" B-694841	5 rooms	$72,000.00 $29,000.00 D.P.
" 1002	May/81	" B699223	5 rooms	$75,450.00 $35,000.00 D.P.

SUMMARY OF VALUES ESTIMATES BY DIRECT COMPARISON

In determining the value of the existing 1-bedroom and 2-bedroom condominium units, the appraiser was compelled to make several adjustments as to the subject building and the comparable sales.

The comparable sales in the Metropolitan Toronto and the subject building, are adult occupied, and offer similar amenities. The greatest adjustment had to be made for location. Rentals are quite similar.

The sales of units in the subject building are not of good quality since the market for this type of living accommodation (purchase) is very limited in smaller communities as compared to the City of Toronto.

It is the appraiser's professional opinion that the 1-bedroom condominium units in the subject building have a fair market value of $54,500.00 including chattels, and a 2-bedroom unit - $61,300.00 including chattels.

CORRELATION AND FINAL ESTIMATE OF VALUE

The two appraoches to value give the following value estimates of the subject units:

Cost Approach -	1-bedroom - $55,000.00	2-bedroom - $63,400.00
Market Approach -	1-bedroom - $54,500.00	2-bedroom - $61,300.00

The relatively narrow spread in value indicates that the information gathered and analyzed is a reasonable and reliable representation of the market value.

The value conclusion of the cost approach was determined by squre foot method.

Because the purpose of the appraisal is to estimate market value, primary consideration is given to the market approach, which is a reflection of typical buyers and sellers in the market. This approach consisted of gathering and analyzing ten (10) condominium sales made on the open market under prevailing conditions. This approach indicated values of $54,500.00 and $61,300.00 respectively, and is the best indication of value.

After careful consideration of all available information, it is the opinion of this appraiser that the value of the subject condominium units as of June 4, 1982 was -

1-bedroom - $54,500.00

2-bedroom - $61,300.00

M.U.R.B. ANALYSIS AND CONCLUSION

The appraiser has outlined in his report the steps taken and method used to determine the Fair Market Value of the land and the cost of construction of the building in order that the developer could back up his cost of land and building. This is imperative in order that the fees and charges in excess of that will be reasonable and it reveals that it is an arm's length negotiated price.

ALL EXPENSES MUST BE REASONABLE AND SHOULD BE IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

SUBJECT BUILDING

Purchase Price allocation:

	(1-bedroom)	(2-bedroom)
Land -	$ 4,800.00	$ 4,800.00
Unit -	47,900.00	54,700.00
Chattels -	1,800.00	1,800.00
Prepaid Interest -	24,000.00	27,000.00
Mortgage arranging fee -	4,000.00	4,500.00
Rental guarantee fee -	3,000.00	3,000.00
Legal & accounting -	350.00	350.00
Appraisal fee -	35.00	35.00
Cash flow deficiency -	36,100.00	35,150.00
	$121,985.00	$131,035.00

The appraiser had an independent Chartered Accounta examine the enclosed cash flow analysis and has found it to be in line with the requirements of the Class 31 - M.U.R.B.

The cash flow analysis are based on land and building values set out by the developer. The appraiser has confirmed by the two approaches to value that the values quoted are in fact, Fair Market Values.

It is therefore, the appraiser's professional opinion that the subject project has an excellent marketability on the basis of the M.U.R.B. package presented.

The CONSERVATIVE MARKET VALUE of the within described condominium units, as Qualified Class 31, M.U.R.B. Investment is -

$121,985.00 x 43	=	$ 5,245,355.00
$131,035.00 x 40	=	$ 5,241.400.00
		$10,486,755.00

TEN MILLION FOUR HUNDRED and EIGHTY-SIX THOUSAND SEVEN HUNDRED and FIFTY-FIVE -------------- ($10,486,755.00) ------- DOLLARS

C E R T I F I C A T I O N

I hereby certify that I personally inspected the property in question, namely,

89 Pine Street, Sault Ste.Marie, Ontario,
and that according to my knowledge and belief all the statements and information contained in this report are true and correct, subject to the contingent or limiting conditions stated herein.

I further certify that I have no interest, present or contemplated, in the property and that neither the employment to make the appraisal nor the compensation is contingent upon the value of the property as estimated.

F.C. Prokai, B.Sc., F.R.I.
Realtor-Appraiser.

QUALIFICATIONS OF APPRAISER

FLORIAN C. PROKAI, B.Sc., F.R.I.
REALTOR - APPRAISER

Self employed as a Real Estate Broker and Real Estate Appraiser.

Graduate engineer in Civil and Electrical Engineering from Indiana Institute of Technology, Fort Wayne, Indiana, U.S.A. in 1951 with a Bachelor of Science degree.

Active in real estate field since 1951, as well as extensive building-development, both in multiple and residential concepts.

Extensive mortgage financing experience.

Obtained Certificate of Registration as a Real Estate Broker in 1966.

Has taken the appraisal courses as a member of the Society of Real Estate Appraisal, Chicago, U.S.A. and successfully passed the course.

Has taken appraisal courses given by the Appraisal Institute of Canada and received permission to use the Canadian Residential Appraiser designation.

Active in the appraisal of real estate since 1975 and presently a member of The Appraisal Institute of Canada.

Enrolled at Atkinson College for prescribed courses leading to A.A.C.I. accreditation.

Completed prescribed courses for F.R.I. designation at York University, 1970.

Received Fellowship designation (F.R.I.) in the Real Estate Institute of Canada - 1971.

Completed appraisal assignments for:

- Seaway Trust Company Ltd.
- Canadian Imperial Bank of Commerce
- Toronto-Dominion Bank
- Bank of Nova Scotia
- Finance America
- Citicorp Financial Services Ontario Ltd.
- Sterling Trust Corporation
- Commerce Capital
- Guaranty Trust Company of Canada
- St. Stanislaus-St.Casimir's Parish (Toronto) Credit Union Limited
- Traders Group
- Numerous Toronto legal firms and accountants, as well as private individuals.

..... 2

Assignments are completed using an unbiased professional approach, in compliance with the Standards and Code of Ethics as set out by the Appraisal Institute of Canada.
Compensation is computed on a time and expense basis, or predetermined by agreement with the client, the amount being in no way contingent on the property value reported.

Professional affiliations:

Toronto Real Estate Board
Ontario Real Estate Association
Real Estate Institute of Canada
Appraisal Institute of Canada.

MULTIPLE UNIT RESIDENTIAL BUILDING (M.U.R.B.)

THE INVESTMENT CONCEPT

THE CONCEPT

Tax shelter is the process of reducing the amount of taxable income earned in a year and deferring it to future periods when the taxpayer would earn less income and be subject to a lower rate of tax. In real estate this is accomplished by investing in certain real property thereby permitting the taxpayer to make special deductions against the income from these investments and create a tax loss which can be applied against other income, thus reducting the tax payable. Real estate tax shelter is the investment with the lowest possible risk and the most assured return of all tax shelter investments available.

REAL ESTATE AS AN INVESTMENT

It is generally conceded that real estate is one of the best long-term investments available. Except for minor cyclical set backs when values have tended to hold constant, the value of real estate has risen steadily over the long term; very dramatically so in the last few years. By investing in rental property, there is the added benefit of the cash flow generated from rental operations.

THE LEGISLATION

In late 1974, the Government introduced legislation which was aimed at stimulating the housing sector by offering considerable income tax incentives to individuals or corporations wishing to invest in multi-unit residential real property. This incentive was the opportunity to achieve a positive cash flow to the investor (from rental operations) while allowing the investor additional substantial income tax deductions which can be offset against other income of the investor.

In order to qualify as a M.U.R.B., a project must have received a certificate from Canada Mortgage and Housing Corporation (C.M.H.C.) stating that its footings were constructed on or after November 19, 1974, and prior to 1980, or after October 28, 1980 and prior to 1982. The building must have at least two rental units and not less then 80% of the building must provide rental accommodation, parking, etc. The building may be highrise apartments, townhomes, or condominium rental units to a third party.

INCOME TAX ACT (CANADA)

The income tax regulations permit the owner of a multiple unit residential building (M.U.R.B.) to create paper losses to be deducted against income from any source. The vendor will ensure that the building(s) in the project will qualify as a M.U.R.B. and a Class 31 asset (CCA - 5%) for the purpose of capital cost allowance deductions under the Income Tax Act.

THE TAX BENEFITS

These tax savings are the result of:

- Claiming capital cost allowance on buildings, equipment, and parking lots;
- Claiming "first-time costs" during construction of the project (i.e. interest, taxes, landscaping, etc.)

The above deductions create long-term income tax deferrals.

CONCLUSIONS

The wisdom of investing in a sound real estate investment should not be based solely on the respective income tax considerations. It is still fundamental to the economics of this investment to ensure that the real estate project generates a reasonable rate o f return from rental operations. Ideally the real estate should be located in an area where the investor is likely to enjoy the maximum benefits from appreciation of the real estate.

In any case, for the individual investor whose objectives are:

1. To obtain an appreciating asset, and

2. To minimize his personal tax burden,

the rate of return from such an investment is very attractive- especially when considered against the equity contributed after tax.

As a result of these future anticipated benefits, the marketing position of Certified Multiple Unit Residential Building (M.U.R.B.) from a price standpoint, greatly exceeds that of conventional real estate due mainly to the tax deductible benefit derived by their nature, a benefit not otherwise available to an individual owner of conventional income properties.

The Federal Government, in its budget of November 12, 1981, recinded the "Multiple Unit Residential Building" (M.U.R.B.) program for all properties except those with footings poured prior to December 31, 1981. All of the properties analized as part of this study are certified M.U.R.B. properties and therefore the program and its incentives will continue to be applicable.

TAX ASPECTS OF THE OFFER

Because the income tax positions are not the same for every taxpayer, it is impractical to comment on all aspect of federal and provincial tax laws as they affect the investors in this type of investment. We have not applied for an advance income tax ruling on the principles involved. The commentary below is based on the following assumptions:

1. The investor is buying the property to earn future income;
2. The investor is a Canadian resident as defined in The Income Tax Act.

CAPITAL COST ALLOWANCE

Prior to the reform of The Income Tax Act in 1972, capital cost allowance (CCA) on rental property could be claimed up to the limit to create a tax loss. With tax reform this regulation was changed to allow the claiming of only enough CCA to reduce the income from the property to zero.

In the fall of 1974, legislation was introduced to reinstate the previous regulation allowing the creation of rental losses by claiming excess CCA but only on rental property "started" after November 18, 1974 and before January 1, 1976. The purpose of this legislation was to stimulate the production of rental housing by the private sector. The resulting building activity was such that in the fall of 1977, it was evident that although the majority of rental housing needs were met under the program, certain areas still needed stimulation. So, rather than being curtailed completely the program was modified so that the rate on frame buildings was cut to 5% from the original 10% for any buildings started in 1978 and 1979.

The other categories (i.e. equipment and paving) were not affected by the above legislation and are still available to taxpayers.

The only limitation on use of the buildings is that no more than 20% of the floor area of the building can be put to non-residential use (i.e. commercial).

The beauty of the CCA deduction is its flexibility, i.e. it can be deferred to future periods without affecting its deductibility. This enables an investor to claim only as much CCA as he or she needs (up to the maximum allowed).

Plus CCA can be claimed while the project is being built as long as the expenditures are reasonable.

FIRST-TIME COSTS

By contributing equity (either cash or cash and promissory note) an investor is entitled to deduct from income certain costs of an initial and intangible nature, providing these costs are incurred after the investor has purchased his interest. These expenses must be incurred to earn income and in no way be capital in nature, plus they must be reasonable under the circumstances. These costs, in order to be deductible, must be claimed in the year they are incurred otherwise they are lost permanently and will form part of the capital base of the investment.

CURRENT TAX SHELTER PROGRAM

OBJECTIVES

The main objectives of the current tax shelter program are to provide first class rental real estate projects with tax shelter features that can be relied upon to provide long-term tax shelter to the investors; and to construct first class semi-detached, street townhomes and apartments for the public.

REMOVAL OF RISK

The Vendor designs and structures all of its tax shelter projects in such a manner as to protect the investors against most of the risks involved in new real estate investment; i.e. improper site selection and construction design, cost over-runs during construction, operating losses during the initial lease-up period, and other problems generally associated with the ownership and management of residential rental property.

STANDARD FEATURES

The standard features of all of the current tax shelter projects are as follows:

1. Fixed price construction and initial services contract.

2. Fixed equity; low downpayment, 2½% the first year.

3. The investors will enter into a rental management agreement of the units, to provide both the initial and subsequent rental and management of the units and a cash flow sufficient to meet all expenses incurred; the rental management agreement will insure that there will be no cash flow deficiencies accruing to the investor during the four-year term of the agreement.
   NOTE: Expenses shall include interest repayment with respect to the first and second mortgages on closing, common expenses, property taxes, repairs and maintenance insurance and management fees.

4. The developer will provide its unconditional guarantee to investors, there will be no cash flow deficiencies which are not satisfied by revenues from the property; any deficiencies which occur in excess of the revenues, the developer will be liable to discharge the same on each account. The cash flow guarantee is included in the sale price.

5. Full soft costs available.

6. Freehold.

7. Hudac Warranty Plan.

8. Professional property management.

9. Class 31, 5% M.U.R.B.

ILLUSTRATIONS OF COMPARABLE M.U.R.B. PACKAGE SALES

Place IV, Mississauga is a luxury highrise rental apartment complex consisting of 260 suites averaging 1300 square feet for one bedroom apartments and 1700 square feet for two bedroom apartments.

The aggregate sale prices, including all guarantees range from $99,000.00 to $109,000.00 for the one bedroom suites and $132,500.00 to $142,500.00 fo rthe two bedroom suites. Based on an average selling price of $120,000.00, the cash down payment totalled $30,000.00 and was payable $5,000.00 on closing and the balance by way of four promissory notes of: $10,000.00 due September 1, 1981; $5,000.00 due September 1, 1982; $5,000.00 due September 1, 1983; and $5,000.00 due on September 1, 1985. These promissory notes were to bear interest from September 1981 to September, 1982 at 13% and thereafter at 14½% and were open for prepayment at any time.

The balance of the purchase price was made up by a first mortgage of $75,000.00 and a second mortgage of $15,000.00 Both the first and second mortgage were to bear interest at 13% for the period September 1981 to September 1982; thereafter being at the prevailing market rates for a further 1, 2 or 3 year terms and were repayable on the basis of a 30-year amortization.

The developer, the Kaneff Group made the following guarantees:

1. Guarantee of completion of construction.

2. Guarantee of Condominium registration.

3. Guarantee of the first mortgage to the lender.

4. Guarantee of the first mortgage interest rate of 13% in the first year.

5. Guarantee of the common element fee during the first year.

6. Rent-up guarantee.

7. Guarantee of rental income for two years after condominium registration.

8. Rental Management services.

The Place IV apartment complex was certified as a Multiple Unit Residential Building (M.U.R.B.) and as such, each unit possessed the benefit of tax deduction of rental operating losses, first time costs, and capital cost allowance on the unit and appliances from the owners personal income (as described earlier in the report). The following Schedule of deductible costs, Pro Forma after tax cash flow schedule indicates the projected cumulative cash position of the purchaser for the five year following purchase.

The significant indication derived from these projections, which were contained in the promotional literature received by each purchaser, is that at the average price paid by purchasers of these units, the purchaser is willing to pay a price which will ultimately produce a negative net cash flow, after tax and down payment monies are paid, and therefore a negative cumulative cash position. However, the negative cash position is smaller than the amount of input by the purchaser in the first years, thus reducing the effective cash down payment from $30,000.00 to $5,965.00 by 1985; the balance being paid by the Federal Government in the form of personal income tax reductions. This significant reduction in the effective cash down payment coupled with the anticipated continuation of the tax reduction benefit and anticipated capital growth appears to motivate the buyer to pay a higher price then the conventional real estate value.

PLACE IV
SCHEDULE OF DEDUCTIBLE COSTS
BASED ON AN AVERAGE UNIT

	1980	1981	1982	1983	1984	1985	TOTAL
First Mortgage Guarantee Fee		42	188	188	188	144	750
Mortgage Commitment Fee	10	1,729					1,739
Mortgage Processing Fee	150						150
Prepayment of Interest							
First Mortgage		1,500					1,500
Second Mortgage		900					900
Mortgage Appraisal Fee	15						15
CMHC Fees	48	256					304
Legal Fees							
Construction Loan	58						58
Permanent Loan		200					200
Legal & Accounting Fees	80	170					250
Landscaping		775					775
Taxes During Construction	12	253					265
Insurance During Construction	4	35					39
Interest During Construction	510	6,645					7,155
Rent-Up Guarantee (2)		2,717	8,053	5,335			16,105
Gross Income Guarantee (2)		483	1,447	965			2,895
Operating Expenses During Lease-Up	150	1,200					1,350
Project Management Fee	250	2,200					
	$1,287	$19,105	$9,688	$6,488	$188	$144	$36,900

NOTES AND ASSUMPTIONS:

(1) Purchase assumed as at December 1, 1980.
(2) Available at Investor's Option.

PLACE IV
PRO FORMA AFTER TAX CASH FLOW FOR AVERAGE UNIT

	1980	1981	1982	1983	1984	1985
LOSS FOR INCOME TAX PURPOSES						
Gross Taxable Income						
Pre Tax Cash Flow	0	(1,174)	(6,993)	(7,038)	(6,424)	(5,930)
Principal Paid: First Mortgage	0	54	220	203	233	264
Second Mortgage	0	11	44	37	42	54
Total Gross Taxable	0	(1,109)	(6,729)	(6,798)	(6,149)	(5,612)
Less: Capital Cost Allowance (1)	2,370	4,004	3,728	3,483	3,261	3,060
Deductible Costs (2)	1,287	19,105	9,688	6,488	188	144
Net Taxable Income (loss)	(3,657)	(24,218)	(20,145)	(16,769)	(9,598)	(8,816)
AFTER TAX CASH FLOW						
Pre Tax Cash Flow	0	(1,174)	(6,993)	(7,038)	(6,424)	(5,930)
Tax Savings (56% tax bracket)	2,048	13,562	11,281	9,391	5,375	4,937
Total After Tax Cash Flow	2,048	12,388	4,288	2,353	(1,049)	(993)
CASH POSITION AFTER INVESTMENT						
Total After Tax Cash Flow	2,048	12,388	4,288	2,353	(1,049)	(993)
Less: Cash Down Payment	5,000	10,000	5,000	5,000	0	0
Net Cash Position	(2,952)	2,388	(712)	(2,647)	(1,049)	(993)
Cumulative Cash Position	(2,952)	(564)	(1,276)	(3,923)	(4,972)	(5,965)

NOTES AND ASSUMPTIONS:

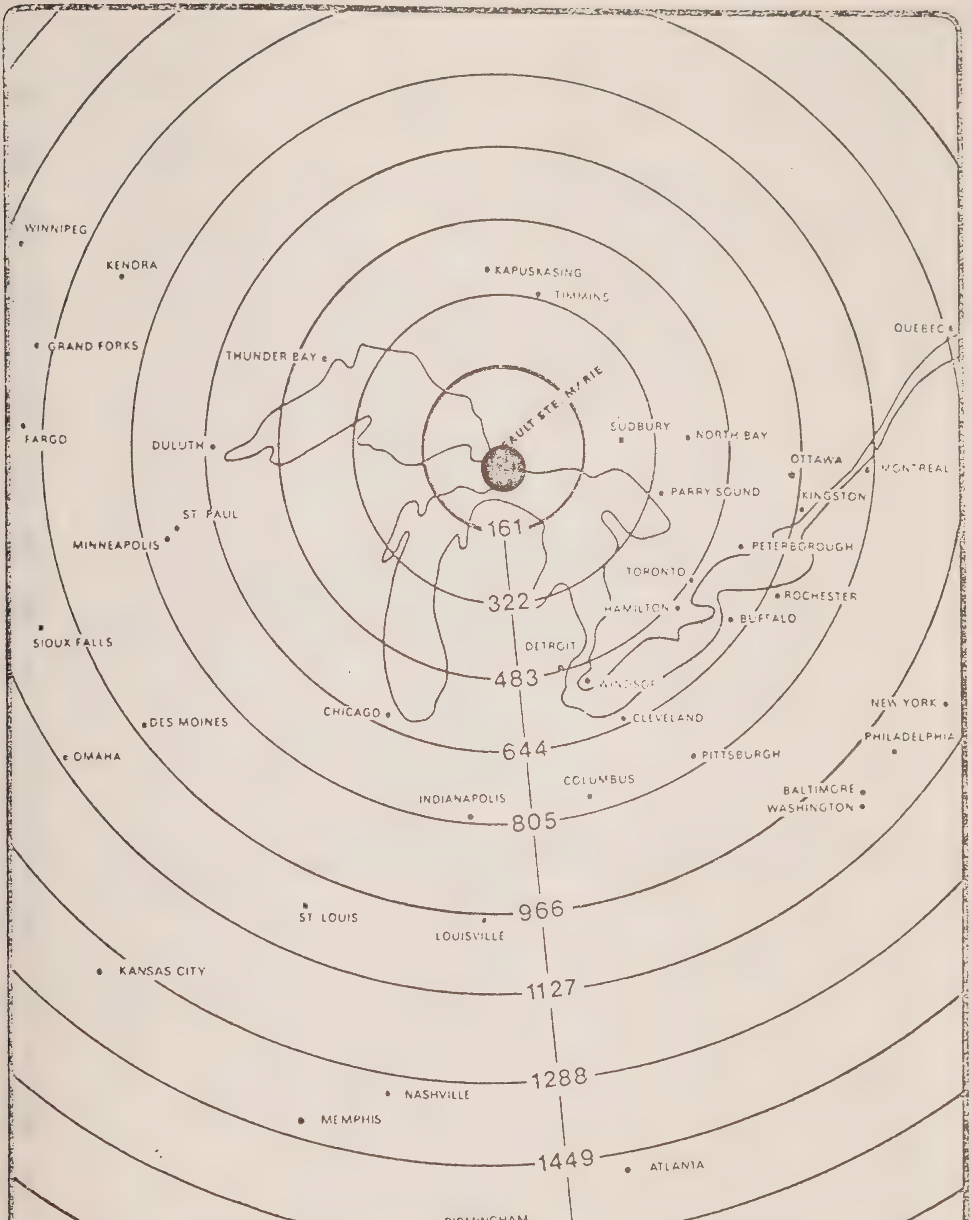
(1) Based on 50% building completion in 1980
(2) See Schedule of Deductible Costs

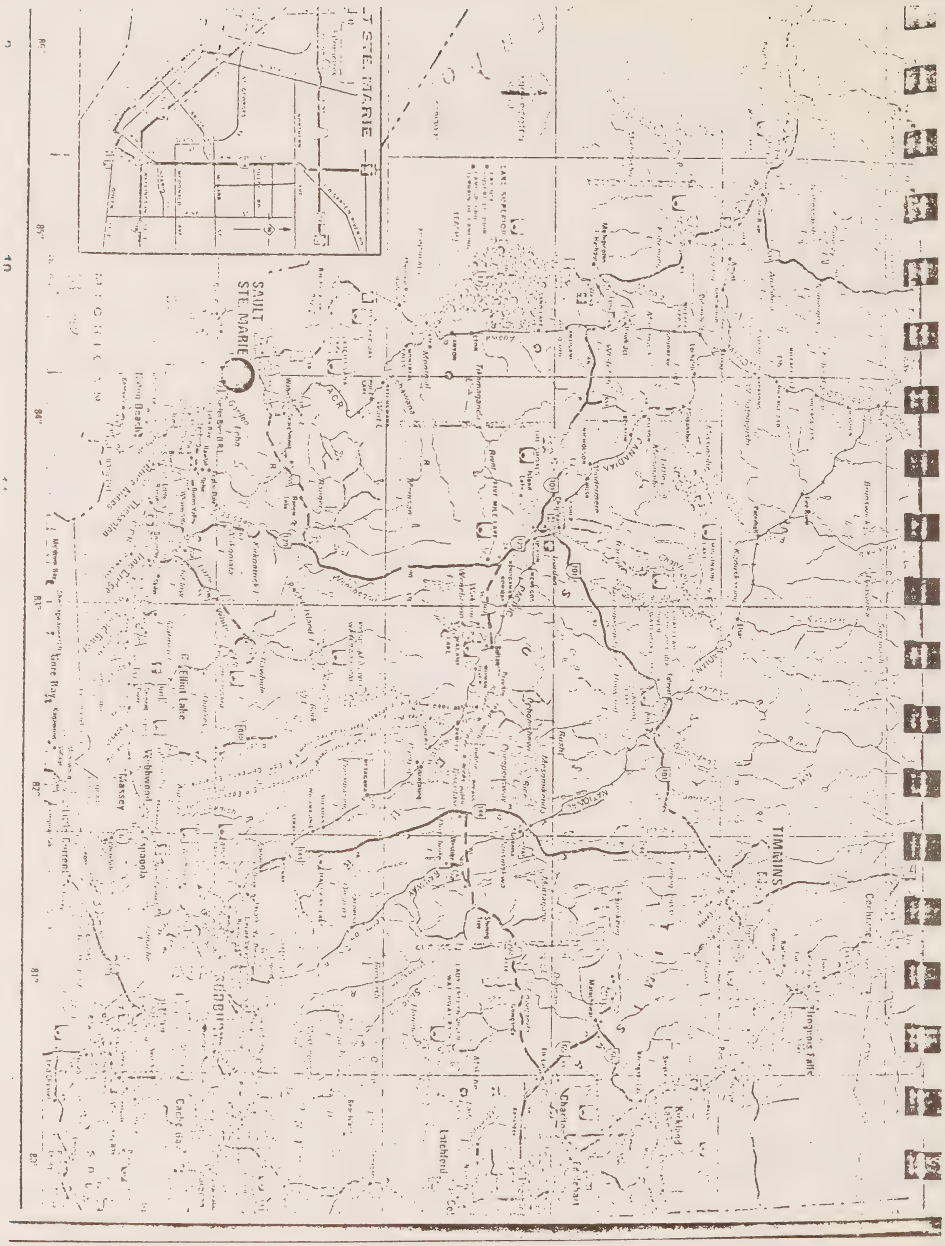
PLACE IV
PRO FORMA INCOME STATEMENT FOR AVERAGE UNIT
SEPTEMBER, 1981 TO DECEMBER, 1985

	1981	1982	1983	1984	1985
GROSS RENTAL INCOME (1)	3,560	10,964	11,840	12,788	13,812
Less: Vacancy Allowance (2)			82	256	276
EFFECTIVE GROSS INCOME	3,560	10,964	11,758	12,532	13,536
OPERATING EXPENSES					
Realty Taxes (3)	430	1,404	1,534	1,672	1,823
Common Element Fee (4)	700	2,170	2,387	2,626	2,888
Interior Maintenance (4)	120	360	396	436	479
Rental Expenses (4)			120	396	436
Rental Management (5)	82	253	266	277	293
TOTAL OPERATING EXPENSES	1,332	4,187	4,703	5,407	5,919
NET INCOME BEFORE DEBT	2,228	6,777	7,055	7,125	7,617
DEBT SERVICE					
First Mortgage (6)	2,428	9,954	10,682	10,682	10,682
Second Mortgage (6)	486	1,992	2,142	2,142	2,321
Promissory Note (7)	488	1,824	1,269	725	544
TOTAL DEBT SERVICE	3,402	13,770	14,093	13,549	13,547
PRE TAX CASH FLOW (DEFICIENCY)	(1,174)	(6,993)	(7,038)	(6,424)	(5,930)

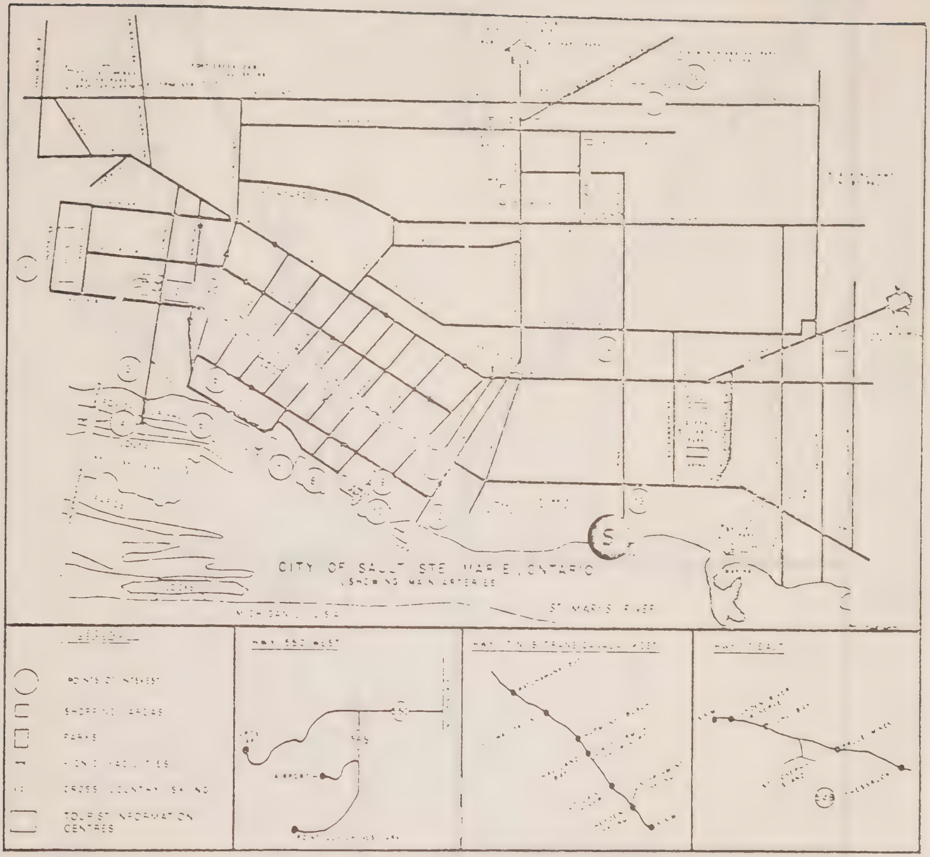
NOTES AND ASSUMPTIONS:

(1) Based on average monthly rent of $890 and increased at 8% per annum.
(2) Vacancy Allowance estimated at 2% commencing September 1983.
(3) Increased at 9% per annum.
(4) Increased at 10% per annum.
(5) Based on 4% of effective gross income less condominium management fee included in Common Element Fee.
(6) Based on 13%, 30 year amortization for September, 1981 to September, 1982 and at the assumed rate of 14½% thereafter.
(7) Based on 13% of the outstanding principal amount to September, 1982 and at the assumed rate of 14½% to 1985.


WINNIPEG
KENORA
KAPUSKASING
TIMMINS
QUEBEC
GRAND FORKS
THUNDER BAY
SAULT STE. MARIE
SUDBURY
NORTH BAY
FARGO
DULUTH
OTTAWA
MONTREAL
PARRY SOUND
KINGSTON
ST PAUL
MINNEAPOLIS
161
PETERBOROUGH
TORONTO
322
HAMILTON
ROCHESTER
BUFFALO
SIOUX FALLS
DETROIT
483
WINDSOR
NEW YORK
CHICAGO
CLEVELAND
DES MOINES
PHILADELPHIA
OMAHA
644
PITTSBURGH
COLUMBUS
BALTIMORE
INDIANAPOLIS
WASHINGTON
805
966
ST LOUIS
LOUISVILLE
KANSAS CITY
1127
1288
NASHVILLE
MEMPHIS
1449
ATLANTA
BIRMINGHAM
1610 km



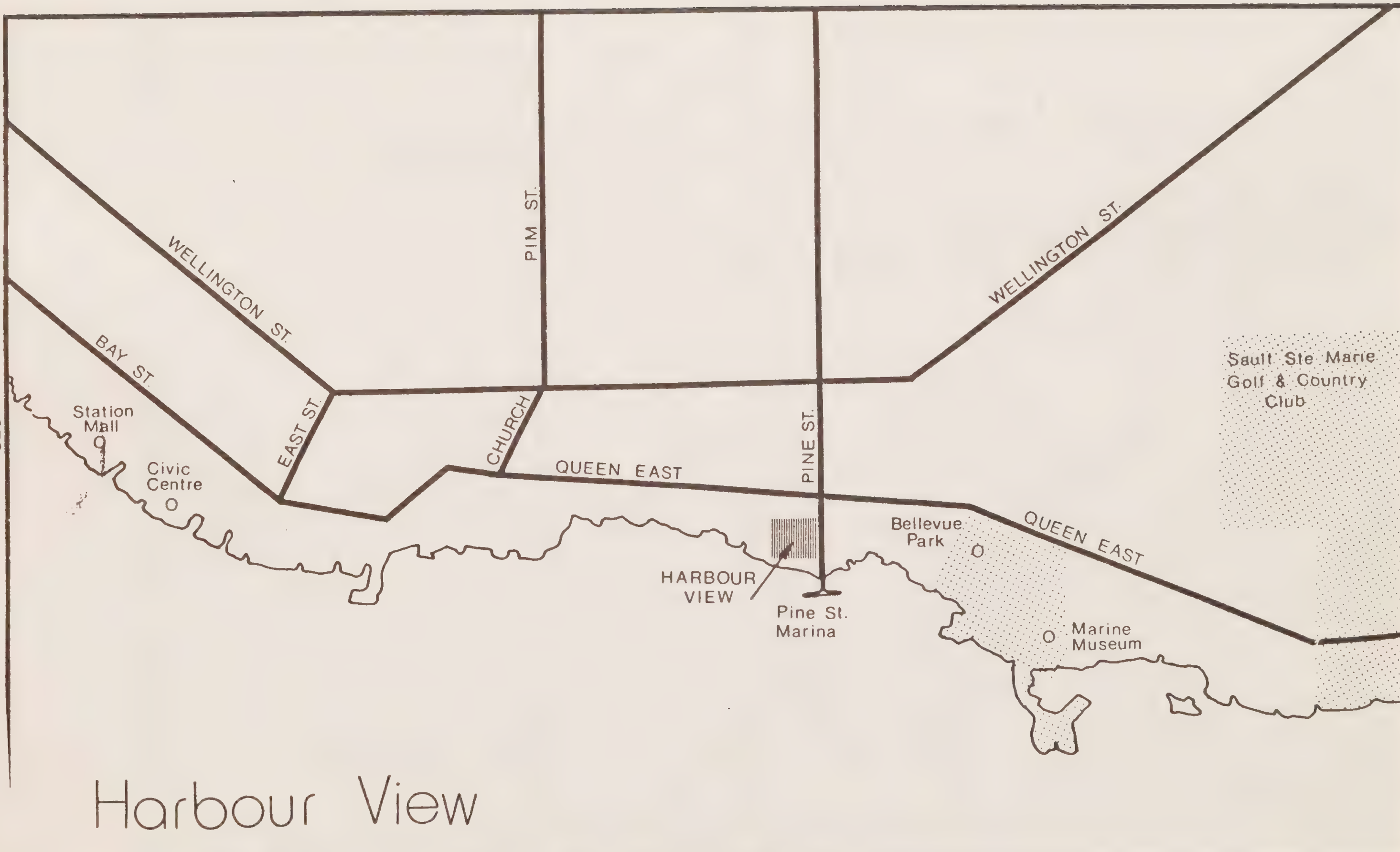
SAULT STE. MARIE
STE. MARIE
TIMMINS
Elliot Lake
Massey
Espanola
Iroquois Falls



1 Algoma Steel Corp.
2 Govt. Tourist Bureau
3 Abitibi Pulp & Paper M.
4 Locks Lookout Tower
5 Algoma Central Railway
6 Mini-Aquarium
7 Norgoma Dock Lock Cruises
8 Civic Centre
9 Public Library
10 Art Gallery
11 Old Stone House
12 Min. of Natural Resources
13 Gt. Lakes Forest Research
14 Armoury Museum Centre
15 Chamber of Commerce
16 Trout Rearing Station

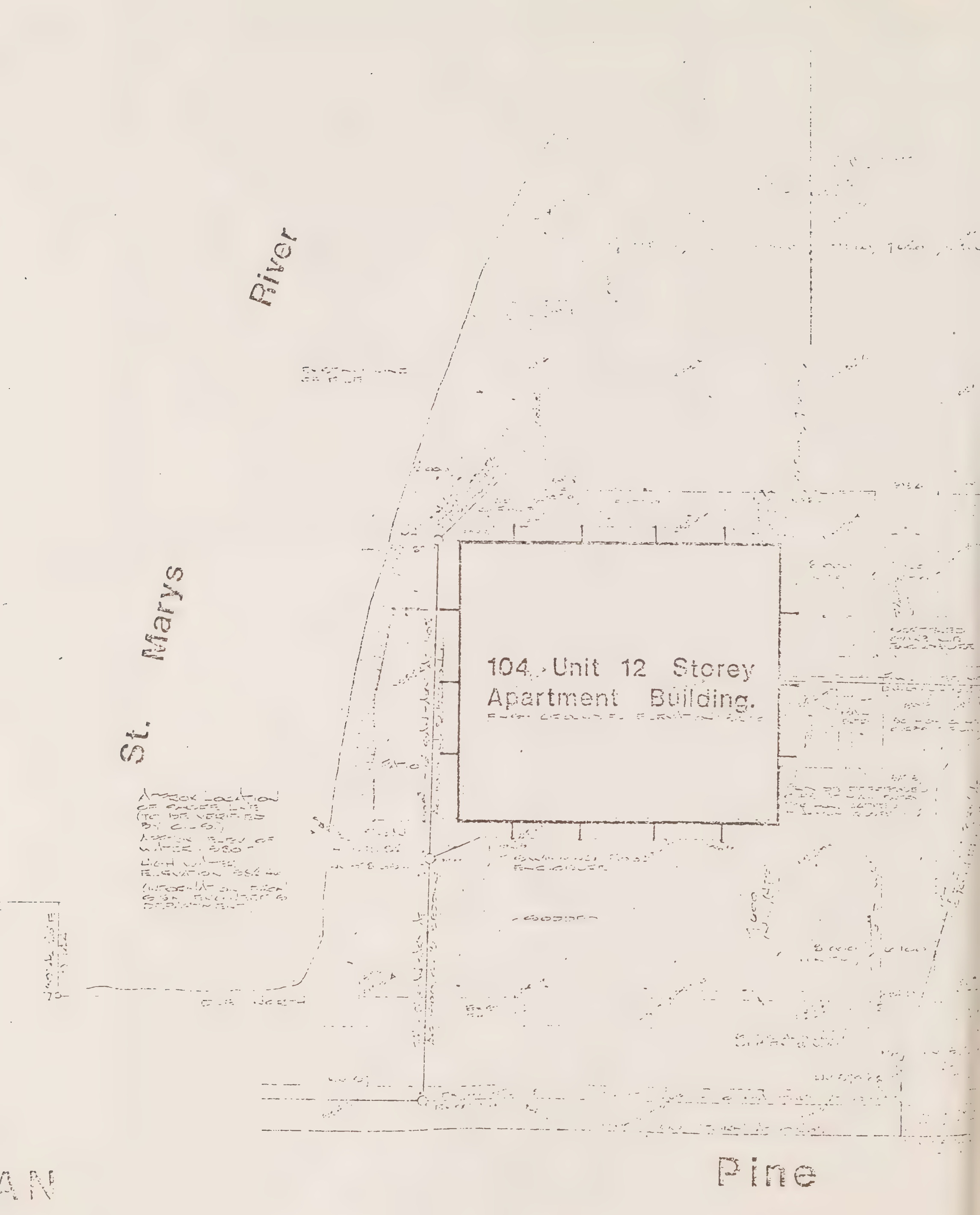
16

17

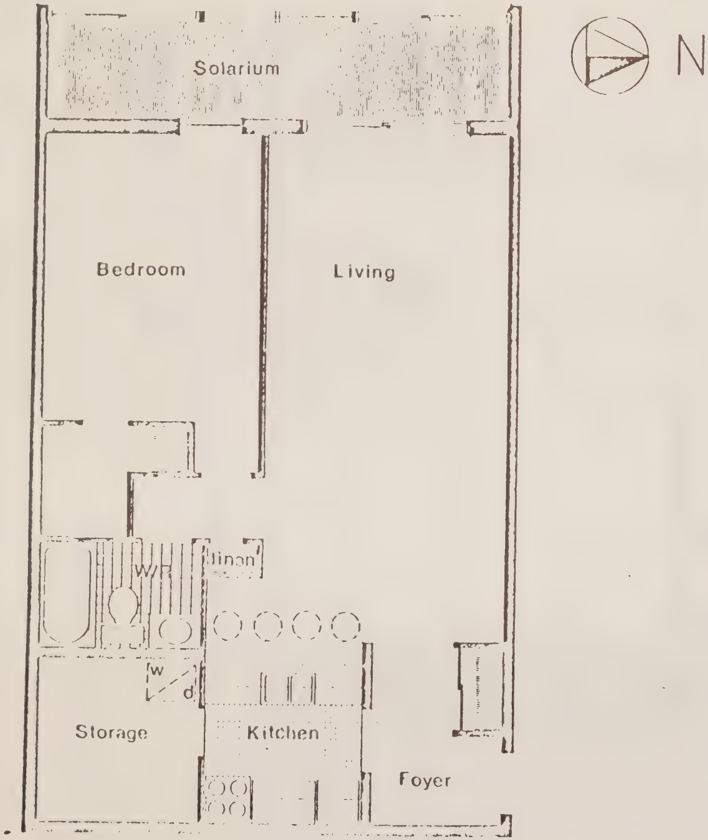


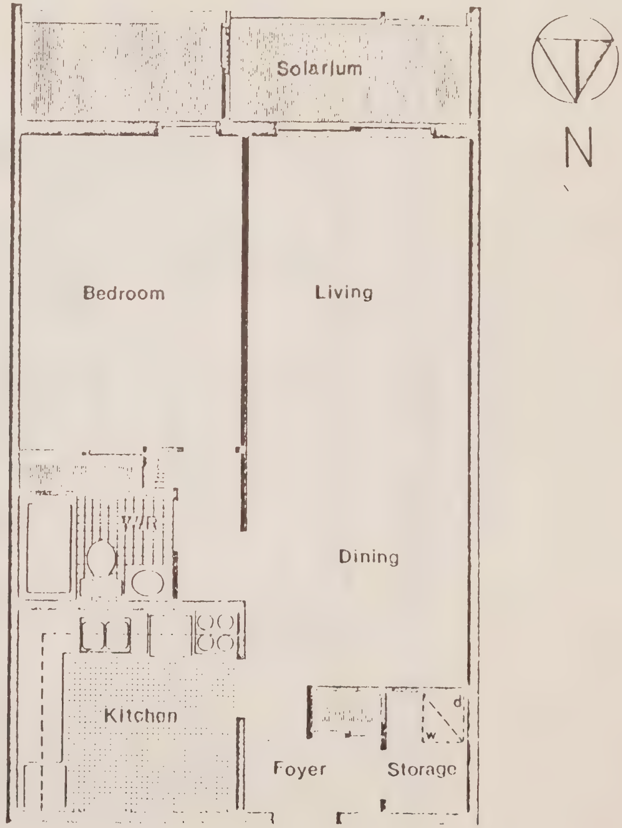
Harbour View


Map 9
QUEEN E.
RIVERVIEW AVE.
Mc. GREGOR AVE.
Mc. PHAIL
IR. 2093
IR. 4307
St. Mary's River


River
St. Marys
104 Unit 12 Storey Apartment Building.
Pine

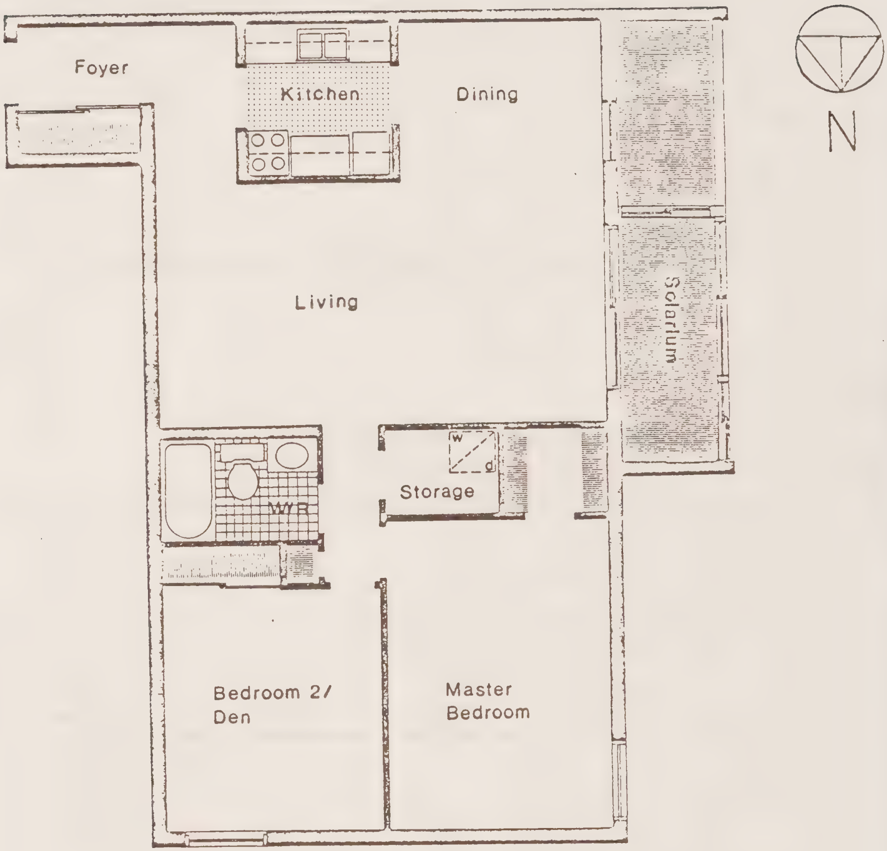
Harbour View





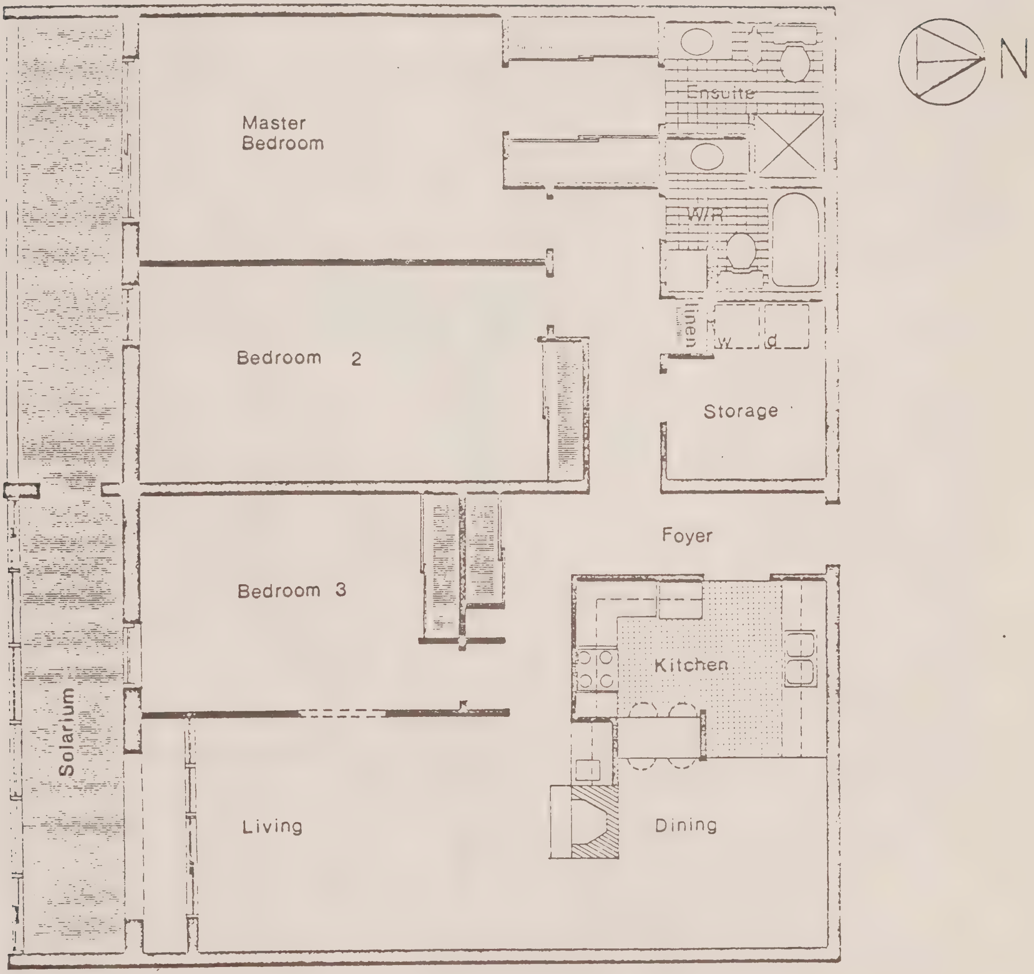
/ BEDROOM LAYOUT

Harbour View



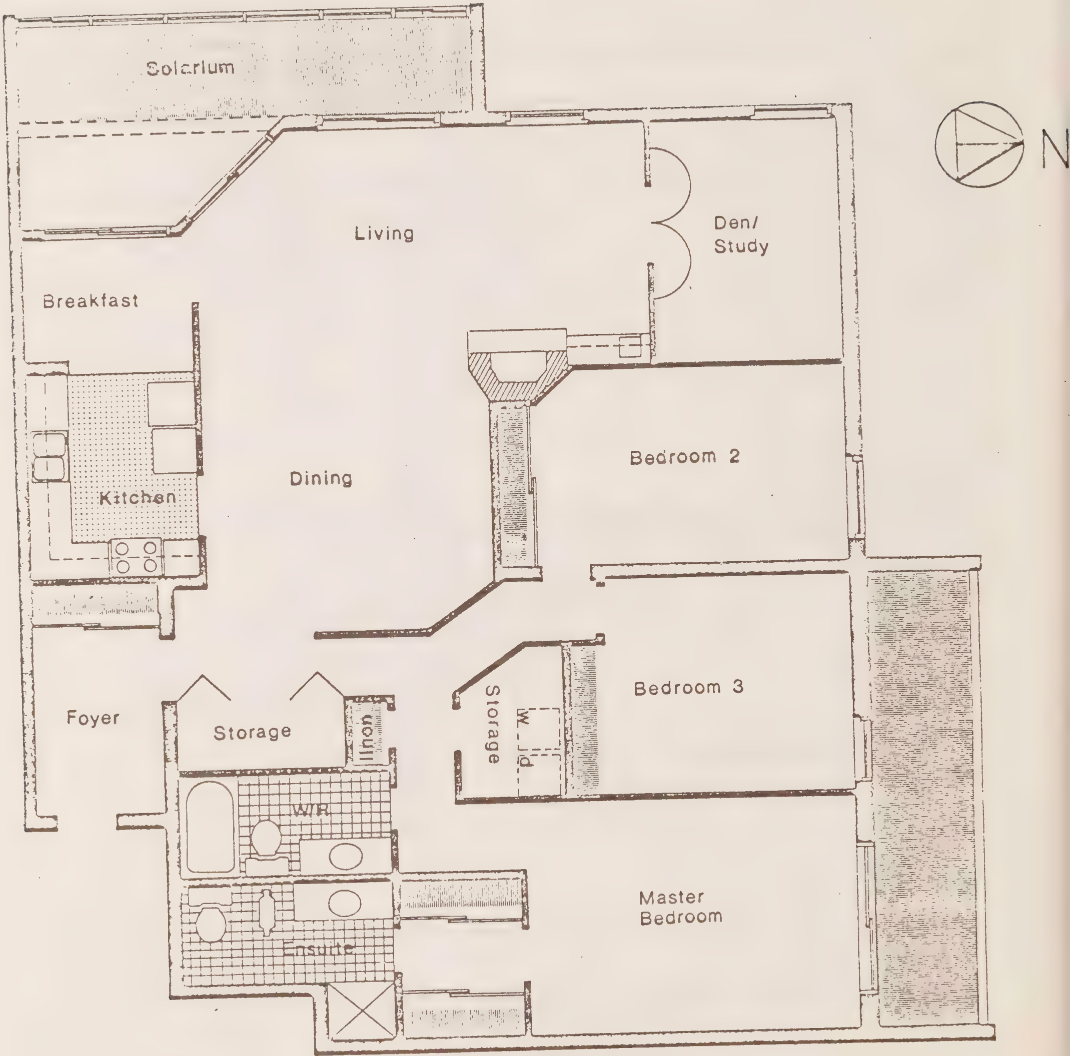
2 BEDROOM LAYOUT

Harbour View



3 BEDROOM LAYOUT

Harbour View



PENTHOUSE LAYOUT

Letter dated July 16, 1982
from Wexler to R.G. Page
of Department of Insurance

Ex. 7 L. Wexler
May 3/83

12-A2-4
Page

GREYMAC

GREYMAC TRUST COMPANY GREYMAC MORTGAGE CORPORATION

49 Yonge Street, Toronto, Ontario, Canada M5E 1J1 Telephone 862-0111 Telex 06-22261

145

July 16, 1982

Department of Insurance
Département des assurances
JUL 19 1982
OTTAWA

DELIVERED

Mr. R. G. Page
Director
Trust and Loan Division
Department of Insurance
140 O'Connor Street
Ottawa, Ontario
K1A 0H2

Dear Mr. Page:

Re: Greymac Mortgage Corporation
and Department of Insurance

The intensive examination of the affairs of Greymac Mortgage Corporation has been going on now for over twelve months. We have been operating from month to month with a cap on our borrowings and a renewal of our licence on a month to month basis. These restrictions make the carrying on of our business extremely difficult. It seems to us as a fair statement that it is unreasonable for the matter to continue on this basis and your Department should be asked to decide what it proposes to do.

We most sincerely wish to carry on business the same as any other of our competitors carry on business and we are anxious to be able to carry on that business competitively. Particularly are we concerned because our certain knowledge is that the conduct of our officers is as clean and our practices are as much in accord with your rules as the majority of those whom you supervise with considerably less zeal than you have demonstrated toward the affairs of this company.

...../2

We are not by any means opposed to your performing your duties and obligations which we recognize as being in the interest of the general public and the depositors. We do think, perhaps, that you have unnecessarily attached significance to the personality of our former president. We would suggest to you that there is nothing in the history of this company as would suggest any similarity to the affairs of any company which has heretofore caused you or the public authorities any concern.

We reject totally any suggestion that we have not attempted to co-operate completely with your many requests, albeit some of them may have been in our opinion, unreasonable and in the opinion of our legal counsel, unnecessary.

Please be assured that should you conclude that all of your questions are requiring of an answer, we will be more than willing to accomodate you. It is our most sincere interest and desire that you be thoroughly and totally satisfied with respect to any matter or issue which causes you anxiety or concern.

For the record, our exchanges appear to have accelerated considerably around April of 1981. In order that you may have a proper perspective of the intensity and volume of such exchanges, we have taken the liberty of assembling copies of all correspondence between the Department and this company since April, 1981, and have inserted same in an indexed binder which accompanies this letter. You will note that certain documentation provided to you by us from time to time is also included in the binder. We respectfully suggest that the shear volume of correspondence is certainly corroborative of the "zealous supervision" by your Department of the affairs of this company.

We wish to point out as well that despite the fact that our legal opinions were to the contrary, in order to alleviate the concerns of the Department and to ease tensions between us, at considerable expense and some detriment, we arranged for the release of the $7,000,000.00 pledge of the bank note. It was indicated to both Mr. Hammond and yourself around that time that we wished to improve our relationship with the Department so that a new environment would be created between us - it would appear that our gestures and intentions have apparently fallen on deaf ears.

In passing, we are obliged to you for your exposing us to what we regard as a most extraordinary practice, namely your suggestion that as a business organization we should disregard the opinion of our auditors (Clarkson, Gordon) and adopt some lesser evaluation of our assets simply because there are some members of your Department albeit unqualified who possess an opinion which is different from that of our auditors.

We regard that as an astonishing premise.

...../3

It would seem that in your Ministry there exists a suspicion of our bona fides and the bona fides of our auditors. Just how one comes to grips with such a suspicion is something with respect to which we have little background. Were you to have any facts to support your suspicion we would be pleased if they might be made available to us.

Failing that, we reject utterly your attitude, the attitude of the members of your Ministry who share the same attitude and any suggestion that we are lacking in bona fides or that anyone acting in our behalf is lacking in bona fides. There is simply no place for that kind of bias, prejudice and horizontal thinking in this type of procedure.

We make our submissions and our presentations to you. We do so honestly and in bona fides and we look to you to treat these in the same spirit unless you are able to confront us with some reason for not doing so.

We continue in a spirit of good faith and harmony and complete willingness to disclose to you every aspect of our business. We look forward to your forthwith setting a time frame within which you will make a decision as to the future of this company in order that our officers and shareholders may have the privilege of making a decision as to how they wish to proceed or even whether they may wish to proceed in some other manner.

Yours very truly,

GREYMAC MORTGAGE CORPORATION

Lyon Wexler, Q.C.
Executive Vice-President

LW:kw

cc. Mr. I. Outerbridge, Q.C.
cc. Mr. R. M. Hammond
cc. Mr. S. Janda

Response of Page dated
August 3, 1982 to Wexler
letter

Telephone/Téléphone
(613) 996-8627

12-G3-4

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August 3, 1982

BY COURIER

Mr. Lyon Wexler, Q.C.
Executive VáteePresidant
Greymac Mortgage Corporation
49 Yonge Street
Toronto, Ontario
M5E 1J1

Dear Mr. Wexler:

In response to your letter of July 16, 1982, I would advise that we are prepared to recommend that an unlimited renewal of the company's license be issued on our being satisfied that the company is operating withintthe provisions of the Loan Companies Act and that the company's depositors and debenture holders are adequately protected having regard for the nature of its assets and, particularly, the risks that may be involved in its mortgage portfolio and its investment in its real estate subsidiary.

Insofar as compliance with the Act is concerned, the company presently appears to continue to be in violation of paragraph 60 (5) (c) (ii) and subsection 60.1 (2) of the Loan Companies Investment (Special Shares) Regulations. Notwithstanding the conversion to share capital of some $11 million of advances to Greymac Poperties, we believe the company's basket investments still exceed its authorised limit. In particular, the matter relating to the eligibility status of the shares of the Canadian Commercial Bank is still outstanding. Also, the eligibility status of the investment in Camreco Inc. needs to be clarified.

In regard to subsection 60.1 (2) of the Act, we have not yet received official confirmation that the company had disposed of its investment in Leland House and that it is now on side in respect of the limitation on investments outside of Canada.

.../2

As respects Greymac Properties, it still appears to us that the amount of money that has been invested in and lent to Greymac Properties by Greymac Mortgage is in excess of the 10 per cent of assets limitation imposed by the Special Shares Regulations. We will be glad to review any reconciliation of investments in and loans to Greymac Properties that indicates that Greymac Mortgage is in compliance with the 10 per cent limitation.

Concerning the company's asset portfolio, we are hoppful that the comvination of the results of the follow-up examination currently in progress and the receipt of the appraisal on the Lumsden Building as requested in our letter of July 13, 1982 will enable us to complete an assessment of the adequacy of the capital margins maintained by the company in relation to any risks that may be inherent in the asset portfolio and to other relevant factors. I understand the examiners have provided you with a summary of the matters that they will be reveiweing during their follow-up examination. Particularly important in regard to assessing the adequacy of capital margins will be the documentation to support the asset, and its value, received in exchange for the recently issued common shares. Other items of importance include the review of mortgages, the leasehold improvements reported for the new head office building, and the analysis of cash flow and asset and liability matching. Anything you can do to facilitate the work of the examiners in these areas should help to speed up the decision making process concerning the company's license.

In the meantime, please find enclosed a renewal of the company's license for the month ending August 31, 1982.

Yours very truly,

R.G. Page
Director
Trust and Loan Division

Enclosure

RGP/sr

bcc. K.S. Sonda

Response of the Superintendant dated August 4, 1982 to Wexler letter

(154)

12-G3-4

August 4, 1982

Mr. Lyon Wexler, Q.C.
Executive Vice-President
Greymac Mortgage Corporation
390 Bay Street, 22nd Floor
Toronto, Ontario M5H 2Y2

Dear Mr. Wexler:

I have received a copy of your letter of July 16, 1982, addressed to Mr. Page. By now, you will have received Mr. Page's reply. However, the content of your letter was such that I thought I should provide you with my own comments.

I, too, am disturbed about the volume of correspondence that has had to be exchanged between the Department and the company since 1981. There is nothing that I would like better than to be able to cut down on the amount of correspondence and time that we have devoted to Greymac and to be able to recommend a license renewal without limitations.

The fact is, however, that Greymac has been and appears to continue to be in violation of several of the provisions of the Loan Companies Act. Also, as compared to other companies, the asset portfolio of Greymac has been such that we have found it necessary to spend more than the usual amount of time in attempting to verify the adequacy of the assets to protect the position of depositors and debenture holders. The information that we believe we need in this regard has not always been readily available. You can appreciate that if Greymac is to be permitted to accept funds from the public, it is

incumbent on us to see that it complies with the provisions of the legislation and maintains adequate capital and surplus margins in relation to the nature of its liabilities and the assets used to cover these liabilities.

Once again, you seem to suggest that Greymac is being singled out for treatment that seems harsh or unfair in terms of the situations that exist in other companies. As I said on this same subject in my letter of April 5, 1982, this is certainly not the case. Companies having a similar number of problems outstanding would be treated in exactly the same manner.

You mention the efforts made by you and others this spring to try to improve the relationship between the Department and the company and suggest that these efforts have fallen on deaf ears. I can assure you that the Department is anxious to co-operate with Greymac to the fullest extent possible. However, we cannot overlook contraventions of the legislation that we are responsible for administering, nor can we neglect our responsibility for assessing the adequacy of the company's capital and surplus margins having regard for the nature of its liabilities and corresponding assets.

As Mr. Page indicated in his letter, we will be prepared to recommend an unlimited license if we can be satisfied that the violations of the Act have been corrected and that the position of the company's depositors and debenture holders are adequately protected. If you have information to show that the company has corrected the apparent violations, I urge you to provide it. I also urge you to provide the examiners with the information they have requested as quickly as possible. The sooner our concerns on the points mentioned by Mr. Page and the examiners are answered, the sooner a decision can be made on the company's license. It is impossible for us to establish a definite time frame because the time frame depends on your ability and willingness to furnish the information requested.

If you think it would be worthwhile, I would be happy to meet with you to discuss the situation.

Yours very truly,

R.M. Hammond
Superintendent of Insurance

RMH:fdd
cc: Mr. Janda

Letter from the
Registrar's office to
Seaway Trust dated
December 1, 1981

Ministry of Consumer and Commercial Relations
Office of the Superintendent of Insurance
Ontario

555 Yonge Street
6th Floor
Toronto Ontario
M7A 2H6
416/953-0485

December 1, 1981

Mr. A. F. Markle
President
Seaway Trust Company
2255 Sheppard Avenue East
Willowdale, Ontario
M2J 4Y1

Dear Mr. Markle:

I have now reviewed the report covering our September examination of Seaway Trust. In early October you met with Messrs. Wilson and Roach of my staff and are aware that we have some serious concerns about your company.

My first major concern is with your borrowing position. As at June 30, 1981, my examiners calculated that Seaway was over-borrowed by approximately $13 million. We have already informed you that "shareholder' subscriptions receivable" cannot be included as an asset in calculating your capital base. You, in turn, have informed us that $1.4 million of this $2.2 million receivable was paid into the company as of September 30, 1981 and your letter of October 15th states that the balance would be injected by the end of October. Has this injection now taken place as planned?

It is quite apparent that Seaway's 1981 objective as dictated by its board was rapid expansion. This concerns me greatly as would any similar expansion with a trust company of such recent vintage as your own.

The overall quality of Seaway's assets, as reported by my examiners, is not reassuring. This is exacerbated by poor administration in this secto of the business.

I consider the situation to be so serious that an immediate halt on growt should be implemented. At the same time, an effort to stablize systems and procedures and to reduce mortgage arrears should be concentrated on. I suggest that you consult with your directors on the foregoing and apprise me of your decision as soon as possible.

The following were infractions committed by your company and noted by my examiners during their visit:-

(1) Seaway's mortgage portfolio falls far short of CDIC guidelines a deficiency that I regard as being very serious. These guidelines dictate that not more than 2% of a company's total mortgage portfolio be lent on an uninsured basis to any one developer. As an example, the $1.5 million loan on London Armouries is contrary to this intent. The guidelines continue that the aggregate of "large mortgages", i.e. those individually exceeding 5% of capital base, should not exceed 20% of the total mortgage portfolio. Seaway clearly exceeds this limit.

9/3

2) Seven instances were noted where mortgages granted to investor-mortgagors exceeded the quantum limitations of section 157. In the case of the project at 4140 Lawrence Avenue East, Toronto, a single investor purchased five units bearing mortgages of $110,000 each for a total of $550,000. For the Rexdale Boulevard, Etobicoke project, six investors purchased ten units each for net Seaway mortgages totalling $450,000 per investor.

How do you plan to correct these infracitons and avoid similar problems in the future?

In addition to the foregoing infractions, the following observations were compiled by my staff.

(1) The computerized print-outs of mortgage arrears at June 30, and July 31 indicate an excessively high level of arrears. The examiners rep that the problems stem partly from the old accounting system not bei maintained in parallel for long enough when the mortgage accounting was computerized. Another problem seems to be uncertainty as to whc is responsible for pressing delinquent accounts. The Port Colborne and Toronto offices were not in agreement on this point.

(2) Some mortgage loans advanced have been of a high risk nature. Examp are the London Armouries, the Hespeler Village Mall and the Georgiar Bay Estates. In most such cases, the mortgage term has been very short. Do any of these or other similar borrowers have firm long-term arrangements for the 1982 take-out and, if not, how does Seaway plan to handle such loans at maturity?

(3) Non-residential mortgage files should be supported by appropriate appraisals. Too many Seaway files contain "letters of opinion" as opposed to proper appraisals. These "letters of opinion" are not acceptable by this Office as substitutes for an appraisal.

(4) Seaway's exposure in M.U.R.B. mortgages is substantial and continues to grow. While the future of these new and untested tax shelter vehicles is uncertain, I would like Seaway to make a voluntary under taking to reduce its exposure in M.U.R.B.'s.

Another concern with Seaway's M.U.R.B. financings is that most have involved wrap-around mortgages, placing Seaway legally in a second mortgage position. We note the same first mortgagee appearing regu In the event of default, this first mortgagee would have to be boug out to protect your position. Such an event could place great stra on Seaway's liquid resources. Should the title of a M.U.R.B. prope be acquired as a consequence of remedial efforts following defaults Seaway will more than likely face a very difficult resale market.

My final concern with your M.U.R.B. involvement is with respect to the statutory mandate that loans advanced should not exceed three-quarters of the value of the real estate. Your files normally provide a breakdown of the M.U.R.B. selling price. Values are attribu separately to land, buildings, etc. and to the cash flow payments described as "soft costs advantage". The files also include a brie appraisal which normally lacks detailed figures other than the fina value. This leads me to believe that your appraisers are attributi a higher "market value" to a M.U.R.B. than would be given to an identical non-M.U.R.B. property by virtue of including "soft costs"

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The fact that "soft costs" are receiving favourable tax treatment at the hands of the Federal Government does not, in our opinion, mean that they can be included in a market value appraisal like the other tangible elements of the property. While market value may recognize the M.U.R.B. status of a property, the value attributable to this element would never by anything like as much as the "soft costs" charged to the property for tax purposes.

I should like to know Seaway's policy in this respect. My concern is the potential for boosting artificially the "market value" and sc legitimizing a loan that would otherwise exceed the 75% level based on a normal market value.

I would remind you that Section 122(4) of the Loan and Trust Corporations Act gives the Registrar the right to obtain another appraisal. I believe it will be necessary to obtain such appraisals on a few of the M.U.R.B. properties and would like to discuss this with you.

(5) As mentioned earlier, I am concerned with the overall quality of assets. A good mortgage portfolio should be diversified and balanc Seaway's, with its increasing M.U.R.B. commitment and approximately 30% in commercial and land development loans, is not, in my opinion well-balanced. In addition, the examiners were not able to compile accurate statistics on the proportion of first as opposed to second mortgages. It was noted that even third mortgages had been granted The fact that the mortgages may fall within the 75% of appraisal limitation does not alleviate the potential liquidity problem if Se has to protect its position.

(6) The circumstances surrounding the Georgian Bay Estates transaction requires explanation. Documentation was seen indicating that the rights in this mortgage were acquired for $1 million by William Player on May 1, 1981. The same day, Seaway Trust purchased these rights from him for $1,350,000. Your records show $1,495,000 as being recoverable, supported by a statement from the debtor. Presumably the $145,000 mark-up was treated by Seaway as a mortgage fee earned. No payments were received before "Power of Sale" actic was instigated.

We are concerned with two aspects of this transaction: the substar profit earned by Mr. Player without any risk or outlay on his part and the marketability of the property from the point of view of Seaway recovering its full advance. While Mr. Player is not technically prohibited from dealing with Seaway under section 163 of the Act, we both know of his investment in the holding company and how intimately many of his business affairs are intertwined with those of Seaway. It causes us to question the wisdom of this transactior Can the payment of such a profit be justified in the circumstances? If a sale on the property has not yet been effected, we would ask y to provide us with a detailed appraisal of the property by an independent appraiser prior to December 31, 1981.

(7) The circumstances surrounding the granting of the Brantford Medical mortgage demonstrates yet another of our concerns. A change in ownership of this property in June 1981, resulted in Seaway Trust providing a $2 million wrap-around mortgage at a yield lower than that prevailing at the time of closing. Before this transaction came to rest with Seaway, it passed through Kilderkin (a Wm. Player company) and 480840 Ontario Ltd. (a Markle company). These transac

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providing "profits" or "mark-ups" to friendly related companies raise questions. Are they in the best interests of Seaway and is Seaway satisfied that all the requirements imposed by Section 163 of the Act are met?

(8) Recently granted residential mortgage loans have frequently incorporated an initial paydown of the interest rate in order to reduce the blended monthly payments required. Most of these loans are written for a single year only. On renewal in 1982, signi ficantly larger monthly repayments can be anticipated. We presume that, in making these loans, not more than 75% of the appraised value of each property has been advanced and that the gross debt service obligations of the loan applicants were not excessive.

(9) I am aware that you originally intended to create more formal arrangements for approving mortgage and non-mortgage loans by setting up a Loans Committee. I understand that, as an interim measure, loans are being approved jointly by Mr. Braun and yourself. As Committee approval of the major loan commitments is desirable, I suggest that the planned committee should be activated without dela

(10) Record keeping has not been satisfactory. We have not received copies of monthly statements for some months and one result is that we have been unable to determine your borrowing position. Your rapid expansion in the past year is obviously one of the causes for these problems.

May I have your comments on the foregoing 10 points.

Your company wishes to increase its authorized capital and I understand is proposing to acquire another trust or loan company. In view of the m items covered in this letter, these latest proposals cause me considerat concern.

All of these matters have been discussed with the Registrar and we feel that it is essential that we meet with you as soon as possible. Would you please contact Mr. Thompson's secretary at 963-0493 and arrange a meeting.

It would be helpful if you would provide me, prior to the meeting, with as much of the following data as possible:

(a) financial statements for the past three months
(b) calculation of current borrowing position
(c) summary of current mortgage arrears
(d) outstanding loan commitments
(e) detailed current mortgage trial balance
(f) cash flow forecast for the next twelve (12) months.

Yours very truly,

H. R. Terhune

H. R. Terhune
Director
Financial Examination Services

HRT/HWJ/54 DEC 4 1981

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Response of Markle dated
December 11, 1981 to letter
from Registrar's office

SEAWAY TRUST COMPANY
HEAD OFFICE - 85 CLARENCE STREET, PORT COLBORNE, ONTARIO, CANADA L3K 3G2
(416) 835-1313

REAL ESTATE DIVISIONS: 87 CLARENCE STREET, PORT COLBORNE L3K 3G2 (416) 835-1165
115 EAST MAIN STREET, WELLAND L3B 3W5 (416) 735-1166
2255 Sheppard Ave., E., Willowdale, Ontario M2J 1W7

December 11th, 1981

Mr. H.R. Terhune
Director of Financial
Examination Services
Ontario Ministry of Consumer
& Commercial Relations
555 Yonge Street, 6th Floor
Toronto, Ontario M78 2H6

OFFICE OF THE SUPERINTENDENT OF INSURANCE
ONTARIO
DEC 22 1981
RECEIVED

Dear Mr. Terhune:

This letter is an initial response to the matters raised in your letter dated December 1st, 1981.

A copy of your letter is attached and you will notice that for ease of cross-reference each paragraph has been identified by a circled capital letter.

1. Receipt of Letter

The timing and circumstances surrounding the receipt of your letter should be recorded. You have already received a letter from me dated December 9th, 1981, acknowledging receipt of same.

It should be clearly noted that we understand your letter is a result of the field examination conducted by Mr. Kelso of the Registrar's Office which began in August, 1981. At the Ministry's request, Mr. Kelso's field examination began at the Company on August 17th, 1981 and I met with

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Messers Roach and Kelso at the offices of the Ministry on August 14th to review the anticipated items to be covered in the field examination and to insure that Seaway Trust Company would be fully cooperative during the period of Mr. Kelso's inspection.

It should be noted that this field inspection was the first full field inspection to be conducted by the Ministry since the Spring of 1980. An inspection of certain M.U.R.B. transactions was conducted by the Ministry in January and February of 1981 but it was our understanding that this was not considered a full annual examination by the Ministry.

In speaking to Mr. Roach by telephone, after receipt of Mr. Terhune's letter of July 6th, 1981, enclosing Seaway Trust Company's registration renewal, Mr. Roach advised that one reason for the three-month renewal of the Company's registration at that time had been related to the Ministry's inability to schedule and complete an annual field examination of Seaway Trust Company prior to the expiry of our certificate of registration #161A. At a meeting held at the Ministry's offices on October 5th, 1981, and attended by Messers Wilson and Roach of the office of the Superintendent and by myself, the preliminary results of Mr. Kelso's field examination were reviewed. Mr. Roach indicated that a letter was being drafted and that we could expect the letter which would give the Company specific comment and direction from the Ministry very shortly.

The results of the October 5th, 1981 meeting with the Ministry were covered in a written memorandum to the Board of Directors of Seaway Trust at the Company's regular Board of Director's meeting held in Toronto on October 22, 1981. Further, the matter of the anticipated letter from the Ministry was again reviewed at the Company's next regular Board of Director's meeting which was held at Port Colborne on November 25th, 1981. As well, you are aware that Robert McDowell, Assistant Secretary of Seaway Trust Company, has been advised that your letter of December 1st has been received by the Company and will be circulated to the Directors.

2. General Relationship with the Office of the Superintendent

Seaway Trust Company has enjoyed a close working relationship since its incorporation with the Office of the Superintendent of Insurance and the Company is anxious that this essential relationship continue in a spirit which is satisfactory to both parties. The Company welcomes the receipt of your letter of December 1st and the opportunity to respond specifically to the items raised in the letter. While the frequency and timing of the Ministry's field examinations and request for information cannot be controlled by the Company, Seaway Trust Company and members of the Company's staff have always responded to the Ministry in a cooperative and timely manner. In addition, 435713 Ontario Inc. as controlling shareholder of Seaway Trust Company since September 5th,1980, has provided the Ministry with detailed financial and corporate data through its counsel, Fasken & Calvin, and has cooperated fully with members of the Ministry's staff.

3. Financial Statements & Presentation

You have requested in paragraph T(a) financial statements for the past three months and have referred in paragraph Q to the unsatisfactory nature of the Company's record keeping and delays in receiving the Company's financial statements.

As noted in my letter to you of December 9th, you are in receipt of the Company's third quarter reqport for the period ending September 30th, 1981. This printed financial statement was mailed to the Ministry by Mrs. Joan Kyle on November 30th, 1981. We wish to record this statement was completed in draft the week of November 16th, 1981, prior to Mrs. Kyle's taking a planned one-week holiday. These financial statements were in proof form from the printers for presentation to our Board of Directors at the Directors' Meeting of November 25th, 1981.

The July financial statements for the Company were sent by courier to the Ministry on October 13th, 1981 and the August statements were sent by mail to you on November 17th.

At the meeting held October 5th, 1981 with Messers Wilson and Roach, the progress being made by the Company in conversion to the data processing service and in completing its financial statements in more timely manner was reviewed in detail. Obtaining financial statements sooner has been given the most urgent priority within the Company and I believe that the completion of the September 30th statement in draft by November 15th indicates that the Company is making substantial progress in this regard.

The October 1981 financial statements will be sent to you directly by Mrs. Kyle December 21st. Her final calculation of the operating results for October are included in the borrowing base calculation attached.

We are concerned that the Ministry does not appear to have a record of receipt of our July and August financial statements which were sent to you well before your letter of December 1st was written.

Of further concern is your apparent lack of acknowledgement that Seaway Trust Company and its Board of Directors voluntarily requested that MacGillivray & Company prepare a full audited six-month statement for the period ending June 30th, 1981. As explained to Mr. Roach, this necessitated some delay in preparing the statements for distribution to shareholders for the first six months of this year; however, we felt that a full audited statement would be considered valuable by our shareholders, our management, our bankers and, most particularly, the Ministry of Consumer and Commercial Relations.

May I make one further comment in respect to Seaway Trust Company's presentation of monthly financial statements. We believe that the work of Mrs. Kyle and her assistants in preparing our interim statements is of a very high calibre and it is interesting to note that there were no significant adjustments in the draft six-month statement prepared by Mrs. Kyle as compared to the MacGillivray & Co. audited statements. This was also the case at the end of 1980. I believe that the Ministry should have a very high degree of confidence in the interim financial material submitted to it by Seaway Trust Company based upon the careful and consistent manner in which these statements have been presented in the past.

May I also point out that the Company has adopted a policy in its interim financial statement presentation of calculating the maximum possible income tax which might be paid by Seaway Trust Company. Because of tax planning and certain of our investment policies, the Company is confident that its tax rate will be substantially less than that shown in the monthly financial statements prepared for internal use and for submission to the Ministry. We wish to point out that this is done at substantial detriment to the interim retained earnings calculations and, therefore, the borrowing base which can be calculated at the end of each month.

In summary, we believe Seaway Trust Company's record keeping is satisfactory and has proven to be of a very high calibre. Financial statements are being produced in a much more timely manner as a result of steps we have taken during the course of this year to improve the timing of our delivery of statements, a full audited six-month statement was prepared for the assistance of the Ministry although this was not requested of the Company, and your letter of December 1st failed to acknowledge receipt of financial statements previously sent to you.

4. Data Processing Conversion

An item which has invited your comment in paragraph Q of your letter related to our record keeping is the Company's partial conversion to a data processing service during the course of 1981.

This plan was carefully considered by the Company and it was felt that use of a data processing service bureau for our GIC's and mortgage administration files was the most realistic interim data processing conversion plan the Company could adopt.

We,too, have been somewhat disappointed with the time it has taken to bring the quality and timing of reporting from Ezer & Associates up to our standards. We wish to point out, however, that the Ministry was fully informed of our intention to use Ezer & Associates and that, indeed, Mr. Ezer's firm was given a high level of recommendation to us by your office.

We believe that this relationship is improving with each month's activities and that the use of a service bureau is preferable to the Company attempting to remain on a fully manual system or attempting to convert to its own complete data processing system on a start-up basis. Seaway Trust Company does intend, however, to consider its own data processing system and we hope that this decision will be completed in 1982 and that we will be able to begin the conversion to our own service during the course of the coming year. Any comments or observations you have on either software or hardware available for companies such as ours would be most appreciated.

5. <u>Borrowing position</u>

With reference to your comments in paragraph B respecting the Company's borrowing position, allow me to comment as follows.

The inclusing of a shareholder's subscription receivable on the June 30th, 1981, audited financial statement and in our calculation of borrowing position is something we discussed with Messers Roach and Kelso at my meeting with them at your offices and prior to the field examination. I indicated at that meeting that the share subscriptions were being included in our financial presentation for the six-month

audited statements and that we had been proceeding with the operation of the Company on the understanding that such share subscription could be included in our borrowing base and that the Company would be somewhat over-borrowed without this inclusion. Mr. Roach inquired as to when we expected funds to be deposited from 435713 Ontario Inc. to the Company in payment of the share subscription and it was indicated that a portion of the funds would be available to Seaway Trust by the end of August but that, in any event, a substantial portion of the share subscription would be paid into the Company by the end of September. It was my understanding of this discussion that this would be a satisfactory way in which to proceed and you are now aware that $1.4 million of the share subscription receivable was paid to Seaway Trust Company as of September 30th, 1981, and that the balance of the subscription was paid to the Company as of October 30th, 1981.

In addition, there have been a number of contacts between our Company and your office in respect to Seaway's capital needs for the balance of 1981. This letter will confirm to you that the Board of Directors of Seaway Trust Company approved a share subscription by private placement of shares to be subscribed for by 435713 Ontario Inc. for 101,000 common shares at $11.80 per share at the November 25th, 1981 Board of Directors Meeting.

As requested in paragraph T(b) of your letter, a calculation of the Company's borrowing position as prepared by Mrs. Kyle is attached.

5. Increase of Authorized Capital

You mention in paragraph R of your letter that one of the items which causes you concern about Seaway Trust Company is the Company's request to increase its authorized capital.

I find it difficult to understand why the Office of the Superintendent would not wish to encourage the additional capitalization of the companies with which it is working.

The matter of increasing Seaway Trust Company's authorized capital is one which has been a point of a number of specific discussions with members of your staff. This matter was raised in detail with Messers Roach and Kelso at my meeting with them prior to the field examination at your offices on August 14th, 1981. At that time we reviewed in detail the Company's plans for the issue of additional shares during the course of 1981 and pointed out that it had been the Company's policy and wish in the past to reserve 101,000 common shares in treasury to balance the Company's obligation to issue 101,000 common shares to the holders of common share options issued by the Company at the time of its incorporation.

It was pointed out to Messers Roach and Kelso that the share subscription receivable which was then on the Company's books allocated 399,000 of the Company's 500,000 authorized shares and that, therefore, we would be approaching the Ministry for assistance and direction in obtaining an increase in the authorized capital of Seaway Trust Company.

After a number of telephone conversations between our counsel at Fasken & Calvin and members of your staff, and after obtaining approval of our proposed draft bylaw to increase the Company's authorized capital by Mr. Terhantis of your office, the necessary bylaw was approved at the October 22, 1981, Seaway Trust Company Board of Directors meeting. Subsequently the required notice of a general shareholders meeting for the purpose of increasing authorized capital was sent out and a copy of this information circular was supplied to your Ministry. A revised bylaw was approved by our shareholders on November 25th, 1981 at a General Shareholders meeting held at Port Colborne. At a Directors' meeting following the Shareholders meeting on the same date, the necessary petition to the Lieutenant Govenor-in-Council for an increase in its capitalization was approved and submitted on November 26th, 1981.

After a number of discussions, with representatives of the Office of the Superintendent, the Company changed its policy of reserving 101,000 treasury shares for the option holders of Seaway Trust Company, and allocated a subscription by private placement to 435713 Ontario Inc. for the 101,000 common shares still in the Company treasury on November 25th, 1981.

In view of the considerable effort the Company has taken to fully inform the Ministry of its intention to increase its authorized capital, in view of the encouragement and support your Ministry has given the Company in this matter, in view of the specific approval of our proposed bylaw and documentation in this regard, in view of the fact that the Company was encouraged to allocate shares for issue

under private placement which had previously been reserved for the option holders of Seaway Trust Company, I hope you can appreciate our understandable concern and difficulty in comprehending your comment in paragraph R in respect to the Company's plans to increase its authorized capital.

6. General Business Plans

You refer in Paragraph C of your letter to your interpretation that Seaway Trust Company's objective in 1981 was rapid expansion and that this gives you concern for a company of "such recent vintage as our own".

In a telephone conversation with Robert McDowell of Fasken & Calvin, Mr. Roach referred to Seaway Trust Company as being in a "newly birthed" category.

I have not been able to locate in the Legislation and regulations concerning the operation of our Company any reference to companies of recent vintage or those which are newly birthed and we have difficulty in understanding your reference to same.

Seaway Trust Company's business objectives are no different than those of any other company operating under the regulations of the Loan & Trust Corporations's Act or, for that matter, those of any other business corporation.

While the Loan & Trust Corporation's Act and its regulations have a very specific set of guidelines as to the operation of Seaway Trust Company, they can hardly be interpreted to be so wide ranging as to establish business objectives which are different from those of other business enterprises.

Simply put, while operating within the obviously quite necessary legislation and regulations, Seaway Trust Company must conduct its business affairs in such a way that it fulfills its responsibilities to its customers, its employees, business associates, and shareholders.

The fundamental objectives of the Company which was made clear to your Department prior to 435713 Ontario Inc. purchasing the controlling share position in Seaway Trust Company, was to allow the Company to grow to an asset level which we felt would be substantial enough to underwrite the high level of fixed costs required to operate a Provincial Trust Company.

I have had considerable personal discussion with members of your staff as to the business philosophy I feel must be applied to the capital invested in Seaway Trust Company.

Among other things, it is my view as the principal shareholder of 435713 Ontario Inc., that capital invested in Seaway Trust Company must generate a substantial and competitive rate of return. I have pointed out to Messers Roach and Kelso, in particular, that high interest rates, high levels of risk, government regulation and high taxation rates, all combine to require an internal rate of return of at least 30% on invested capital in nearly all well run and managed manufacturing concerns.

While this is not a test which can necessarily be applied to Seaway Trust, it is not unreasonable to expect that shareholders might receive a rate of return at least somewhat related to the current rates of return which can be obtained with little risk by the purchase of guaranteed investment certificates.

Accordingly, one of our primary objectives in Seaway Trust Company since September 5th, 1980, has been to provide the capital and environment for the Company to increase its asset base in such a way that it can generate satisfactory income, particularly in view of the very high fixed costs and overhead which are required for any trust company.

We have been successful, I believe, in increasing the asset level of the Company with a much lower percentage level of increase in our fixed costs. I am surprised that your Ministry is not pleased to see the significant progress which the Company has made over the past year.

In reference to some of my comments in paragraph 5 above, I have had specific discussion with representatives of your office as to Seaway Trust Company being able to obtain further shareholder and institutional shareholder support for its activities in the future. Obviously, the increase in authorized capital is of fundamental importance to this project. In this regard, you should be pleased to know that the investment counselling firm of Hughes and King of Toronto have been retained by the Company to assist us in the private or public placement of an issue of preferred shares during 1982. In addition, initial meetings have been held with representatives of Toronto underwriting firms in this regard.

Surely this is a process and a strategy which would please the Office of the Superintendent of Insurance. I do not know how a corporation of the size and earnings capability of Seaway Trust Company prior to September 5th, 1980, would be in a position to properly undertake its obligations under the Loan & Trust Corporation's Act on an ongoing

basis. It certainly would not be in a position to obtain additional share capitalization on any investment basis with which I am familiar.

Over recent weeks, Seaway Trust Company has received prospectuses from three of Canada's leading chartered banks. It is interesting to note that these senior financial institutions feel compelled to offer a variety of incentives and inducements in the preferred share issues which they are presently having underwritten. In this highly competitive environment for capital I believe strongly that Seaway Trust Company must be able to demonstrate above average growth and earnings capabilities in order to attract the long term capital the Company will require. I would be interested to understand more fully your perspective on the future of the loan and trust industry in an environment in which companies show little growth and generate little return on their shareholder's capital.

I wish to put one more matter of Seaway Trust Company's business philosophy in perspective as it relates to the Loan & Trust Company's Act.

You are aware that Seaway Trust Company's borrowing multiple is 12.5 times its borrowing base. You are also aware that your office indicated to 435713 Ontario Inc. in a letter to Mr. John Hick of Fasken & Calvin, prior to the acquisition of control of Seaway Trust Company, that an increase in the borrowing multiple would be possible once the Company had achieved a $1.5 million capital base and had completed its audited statements for the year ending December 30th,1980. Subsequently, we were advised that such an increase in borrowing multiple could not be considered until your office had completed a full annual

field examination. This, of course, did not occur until August of 1981 and we are now just corresponding in respect to that field examination. Needless to say, this is very much contrary to the expectations 435713 Ontario had in investing in Seaway Trust Company and is quite contrary to the expectations the Company had in planning its capital needs for 1981-82. In addition, this low multiple has placed the Company at a severe disadvantage in arranging the underwriting of additional capital for the future. As well, it places the Company in a position of participating in a mortgage underwriting market of slightly greater risk in order to achieve what would be considered a normal return on capital. Given that we expect Seaway Trust Company's capital base to exceed $8 million by the end of 1981, we sincerely hope that the severe disadvantage the Ministry has placed upon the Company in maintaining an unfairly and restrictively low borrowing multiple will be rectified.

7. <u>Mortgage Administration</u>

You make a number of comments, particularly in paragraphs C, D, and H, in respect to Seaway Trust's ability to administer its mortgage portfolio.

A mortgage arrears statement for the year-end will be reviewed by our auditors and then forwarded under separate cover by Mrs. Kyle. I believe you will find that our mortgage arrears situation is entirely satisfactory and in full control.

You refer in paragraph H to the June 30th and July 31st mortgage arrears statements. Your examiner, Mr. Kelso, is fully aware

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that the June 30th printout of the Mortgage Summary Sheet was the very first printout which had been received by Seaway Trust Company from Mr. Ezer and, as such, this report could be considered a trial run. Similarly, this was the case with the July 31st arrears schedule which was inspected.

At the time the Ministry was at Seaway Trust, Robert Braun our General Manager, personally reviewed each of the individual loans identified on the trial mortgage summary sheets, advising the examiner which items he knew to be outstanding. This review revealed a far less serious degree of arrears than those indicated in the initial June 30th and July 31st printouts.

The Company has realized that the administration of the mortgage portfolio and underwriting activities should be consolidated in a single location and this matter has been carefully discussed with both Mr. Kelso during his inspection, and with Messers Roach and Wilson at the meeting which was held to review the initial findings of Mr. Kelso's field inspection at your offices on October 5th, 1981.

As a result of these discussions and the advice received from your Ministry, our Board of Directors had discussion on this matter at the October 22nd, Board of Directors meeting and approved at the November 25th Directors' meeting a reorganized administrative plan for Seaway Trust Company which addresses this important matter.

You will be pleased to learn, I trust, that the Company has retained a Manager of Mortgage Operations who will be located in an expanded Toronto office. An additional mortgage administrator has already joined the Company in the Toronto office and a planned

program of transferring certain Port Colborne personnel along with our entire mortgage administration files has begun. Depending upon final availability of additional space at 2255 Sheppard Ave. E., Willowdale, this process will be completed during the first quarter of 1982.

In addition to these changes, James Walton has been named the Manager of Branch Operations for Seaway Trust Company and will be transferring to the Toronto Office early in 1982. While he will continue to have responsibility for the operation of the Port Colborne and Welland Banking and Real Estate Branches, it is felt that his direction of the GIC and investment policy of the Company could be better fulfilled from the Toronto office. The final location of Mrs. Kyle's accounting and future data processing department and that of the GIC processing department is a matter which is still under review by our General Manager.

Seaway Trust Company believes that the expansion and consolidation of our management team and the location of the mortgage administration activities in the Toronto Office where a high proportion of our underwriting activities has been occurring will alleviate many of your concerns in respect to the organization and communications problems which have created some difficulties for the Company in the past year.

8. Infractions and Quantum Limitations

We were pleased to note receipt of Mr. Kelso's certificate on November 25th, 1981, acknowledging that Seaway Trust Company's CDIC

Annual Return to June 30th, 1981, had been reviewed and found to be correct. This return indicated to you the Company complied in all respects with the Loan and Trust Act.

You refer in paragraph F of your letter to the London Armouries Loan. We do not consider this item to be a development loan and do not anticipate that Seaway Trust will be involved in this loan for any lengthly period of time. The principal amount of the London Armouries Loan is $1.5 million which clearly falls within the 2% of mortgage portfolio guideline you refer to. In addition, it is our view that the Company's exposure to large mortgages does not exceed the guidelines and we would appreciate your specific calculations in this regard.

In respect to your paragraph G referring to quantum infractions in respect to the Lawrence Ave. E., Toronto project and the Rexdale Blvd., Etobicoke project, Mr. Braun, with my authorization, was conducting the Company's affairs on the understanding that the authorized capital during that period would include the shareholders' subscriptions receivable as discussed in Paragraph 5 above. Quite clearly, these items do not constitute quantum infractions at this time.

9. High Risk Loans

You characterize certain mortgage loans in paragraph I of your letter as being "of a high risk nature".

The London Armouries site represents the single most attractive downtown commercial site available in London, Ontario.

11. M.U.R.B. Projects

You have made a number of comments in respect to M.U.R.B. residential properties in paragraph K of your letter and this type of project has been the subject of exhaustive review by your inspectors previously and a matter of discussion between ourselves in previous meetings.

Seaway Trust Company does not believe that the future of M.U.R.B. residential properties is at all uncertain. Indeed, the budget announcements made by the Federal Government on November 12th, 1981, and the subsequent recognition of the importance of M.U.R.B.s to residential building inventory across Canada, lead us to believe that all existing M.U.R.B.s will increase substantially in value. Given current interest rates, general business environment and rent control environment in many provinces, the Federal Government by acknowledging modifications were required to its November 12th budget position, has also acknowledged the critical importance of M.U.R.B. projects to the residential housing needs of Canadians.

You have asked Seaway Trust Company to voluntarily undertake to reduce its exposure in M.U.R.B.s. This request appears to be contrary to the discussion I had on October 5th with Messers Roach and Wilson during which I asked specifically whether the Department was requesting or intended to request Seaway Trust Company to dispose of any of its current investments. Their response was no. They did indicate they were considering asking the Company to place a voluntary ceiling on the percentage of M.U.R.B. assets in the mortgage portfolio.

Allow me to emphasize that Seaway Trust Company believes M.U.R.B. underwritings represent the underwriting of residential mortgages. Simply because M.U.R.B. projects have been built and/or are owned by investors for tax purposes does not change their residential designation from a mortgage portfolio point of view. As a result of the recent Federal Budget, however, we expect that beginning in 1982, M.U.R.B.s will be a somewhat less attractive investment vehicle and this will mean they will come to play a less important role in our mortgage portfolio. The Company's percentage exposure to M.U.R.B.s will naturally reduce itself gradually as the Seaway Trust Company develops new residential underwriting opportunities.

Your Ministry has now had two exhaustive reviews and inspections of our M.U.R.residential mortgage portfolio and I find it difficult to understand the basis of your comments in paragraph K (ii), (iii), (iv) in respect to the market value of M.U.R.B. properties.

The first examination of the M.U.R.B. projects occurred in early 1981 and was conducted by Messers Cawsey and Elliott of your office. The Ministry's assistance to us in reviewing our methods of documentation for the M.U.R.B. projects at that time was most helpful. We had felt that the matter of the market value of the M.U.R.B. projects had been fully settled at that time. Mr. Roach is aware that one of your examiners, Mr. Cawsey, quite improperly discussed in detail Seaway Trust Company's affairs while examining another of the institutions you regulate, and this unfortunate incident perhaps has clouded my recollection of the conclusions drawn as a result of the early 1981 M.U.R.B. examination.

Oe

Mr. Kelso spent a very substantial portion of his time during the August and September field examination inspecting the M.U.R.B. residential mortgage files. He noted, I am sure, that an unusual degree of professional assistance has been evidenced in the M.U.R.B. mortgage files. A variety of qualified tax lawyers and chartered accountants have reviewed these projects and provided their opinions to the developers, to Seaway Trust Company and to the purchasers of these properties.

You are well aware that all of the M.U.R.B. projects have been purchased on an arm's length basis by individual purchasers all of whom have enough personal net worth and tax exposure to be interested in the investment aspects of a M.U.R.B. property. Presumably, these individuals have also had access to professional advice in making their investment decisions.

There is no doubt that the tax advantages of investing in a M.U.R.B. property are a factor in that property's value. The net income flow, depreciation, interest deduction, tax considerations, related to any property form an important aspect of its market value. Why should this not be the case in respect to M.U.R.B. residential investment properties?

Intangibles form an important aspect in all market value calculations but the favourable tax treatment of a M.U.R.B. property is surely a good deal more than an intangible for an individual who is in an upper tax bracket.

If intangibles and, indeed, the direct tax benefits of M.U.R.B. projects are to be ignored completely in calculating their market value, then are we to assume that the Department's view of

market value is that market value is comprised of the sum of the components of a building? If this is the case, then may I suggest to you that each of the individual M.U.R.B. projects financed by Seaway Trust Company will have a replacement value far greater than the sale price of the subject properties.

Seaway Trust Company's residential loans on this type of property, therefore, are well within the 75% of market value ceiling. In respect to your comment in paragraph K (v) regarding obtaining additional appraisal information on these properties, I wish to advise that as a result of the receipt of your letter we have retained the services of Mr. Philip R. Jupp, Assistant Manager, Appraisal Department, The National Trust Company, Toronto. Mr. Jupp has been asked to review in detail our M.U.R.B. financings and to give his opinion on these projects to Seaway Trust Company. We will, of course, be pleased to provide you with a copy of Mr. Jupp's report.

12. Portfolio Balance

With respect to your comments in Paragraph L in regard to the diversity and balance of Seaway Trust Company's mortgage portfolio, you are already aware of our view that M.U.R.B. loans are residential property loans. We are preparing an analysis for your inspection of the composition of our mortgage portfolio and will submit this to you by separate letter.

13. Georgian Bay Estates

You refer in paragraph M to the Georgian Bay Estates property and Seaway Trust Company's purchase of a mature mortgage on this property. May I point out that I am personally familiar with this property and consider it to be one of the premium properties of its type in the Ontario market.

You refer to the "mark-up" generated by Mr. W.C. Player in this transaction. We wish to note that Seaway Trust Company considered this transaction an attractive business opportunity and that the opportunity was generated for us by Mr. Player after lengthly efforts on his behalf to negotiate this transaction. You are also aware, I believe, that the Royal Bank of Canada were and are registered behind Seaway Trust on this property for an amount substantially in excess of our exposure.

While this property is presently in power of sale action, we have been proceeding to obtain further independent appraisal of the property and will be pleased to supply you with a further independent appraisal of the property as requested in paragraph M (ii) of your letter.

Allow me to refer to other of your comments in paragraph M (ii). First, Mr. Player's investment in 435713 Ontario Inc. was clearly indicated to the Ministry and the Ontario Securities Commission prior to the purchase by 435713 Ontario Inc. of the controlling shareholding of Seaway Trust Company. This matter has been carefully and completely discussed with your Ministry, including the question being raised as late as August 14th, 1981 with Messers Kelso and Roach as to whether the Ministry would wish Mr. Player to divest himself of his interest in 435713 Ontario Inc. We do not consider this to be an appropriate

matter for further discussion and regret that you have raised the issue in this manner.

Seaway Trust Company believes that the Georgian Bay Estates property is marketable and that the Company will recover its full advance. As a result of receiving your letter, I have discussed this matter with Mr. Player and he has voluntarily undertaken to compensate Seaway Trust Company (in the event that our full advance is not recovered) in an amount up to 50% of his profit earned in arranging for the purchase and sale of the Georgian Bay Estates mortgage to Seaway Trust Company. I do not believe that we could reasonably expect any greater indication than such an arrangement of Mr. Player's goodwill in his dealings with Seaway Trust Company.

14. Brantford Medical Centre

You have referred in paragraph N of your letter to the circumstances in respect to the Brantford Medical Centre Mortgage.

We wish to record that this mortgage has been paid in full.

You refer to the lower than normal yield placed on the mortgage involved in the Brantford Medical Centre transaction and that the mortgage passed from Kilderkin Investments through 480840 Ontario Limited. 480840 Ontario Limited was incorporated to be a companion private mortgage corporation to 435713 Ontario Inc. and Seaway Trust Company. This information was clearly and carefully set out for you and provided to you in organizational material prepared by MacGillivray & Co. for myself earlier this year.

Your examiner is also aware that the Brantford Medical Centre mortgage was one of the number of mortgages in a portfolio purchase, a number of which were passed through to Seaway Trust Company. He is also aware that the average yield on this portfolio purchase was in excess of 17% and that we considered the opportunity for Seaway Trust Company to purchase a number of mortgages in a short period of time without the normal administrative costs related to mortgages of this type to be attractive to Seaway Trust. There can be little doubt that the Brantford Medical Centre mortgage was beneficial to Seaway Trust Company and that the requirements of Section 163 of the Act were met.

May I also say that we are fully aware of the Canadian Institute of Chartered Accountants guidelines and requirements in respect to related party transactions. As you are no doubt aware, the guidelines in respect to related party transactions have been clarified and strengthened in the past two years. We are fully aware of the guidelines and acknowledge that Seaway Trust Company's audited financial statements must recognize the requirements of the related party transaction guidelines and I can assure you that matters such as the Brantford Medical Centre item will be carefully reviewed with our Company's auditors, MacGillivray & Co.

15. <u>Pay-down of Residential Mortgage Loans</u>

You have referred in paragraph O of your letter to the Company's policy of the granting residential mortgage loans which have incorporated an initial pay-down of the mortgage interest rate.

On

I am sure you are aware that the past year has been an unusual one in terms of the residential mortgage environment and, in particular, the interest rate environment of North America.

Many larger institutions adopted a policy of withdrawing from the residential mortgage market during the past period of abnormally high interest rates. Rather than withdrawing entirely from the market, Seaway Trust Company adopted a policy of allowing the pay-down of residential mortgages to approximately a 17% yield for mortgages of relatively short term. This policy was in anticipation that mortgage and interest rates in North America would gradually begin to decline in late 1981 and 1982. These mortgages could then be renewed on a more permanent basis in a more favourable environment. It was also our view that as rates began a gradual decline, five-year GIC money would again become a greater factor in the money market allowing Seaway Trust Company to match these renewals to the appropriate maturity and rate.

Any evidence we had seen during the past months and continue to see in regard to the long-term or medium-term trend of interest rates in North America, including that of the economists of the major chartered banks in Canada and the investment advices given by many of the larger Canadian underwriting firms, all indicated that rates will be on a gradual declining trend over the next two to three years. If you have specific evidence or information which indicates this will not be the case, we would appreciate very much having access to this material.

During Mr. Kelso's inspection of the Company, Mr. Braun and I had a number of discussions in regard to the way in which Seaway Trust Company had been able to react to the unusual market conditions of the past year. Mr. Kelso took considerable time to compliment us on the "ingenious, innovative and creative ways" the Company had been able to react to the unusual circumstances of the residential mortgage market. Presumably, one of the areas Mr. Kelso was referring to was our policy of allowing consumers to pay-down residential mortgages granted during a period of high interest rates to a more reasonable interest rate level.

16. Mortgage Approvals

Your comments in paragraph P of the letter in respect to our mortgage approval mechanism is one I would wish to discuss further with you personally and then put forward more detailed discussion to our Board of Directors at our next regular meeting.

17. Acquisition of a Loan Company

You have indicated that Seaway Trust Company's intention to purchase a loan corporation causes you considerable concern. You are aware that Mr. David Vincent of Fasken & Calvin phoned Mr. Roach of your office to advise that Seaway Trust Company was issuing a press release and a statement of material change in respect to Eaton Bay Mortgage Corporation on December 2nd, 1981. May I point out that the release indicated that Seaway Trust Company intended to enter into an agreement with Eaton Bay Mortgage for the purchase of the controlling interest in Eaton Bay Mortgage Corporation. To date, an

executed final purchase agreement has not been completed. We will, of course, be pleased to provide you with a copy of a final agreement when one is available and would be pleased to review our thinking as to the benefits of this purchase for Seaway Trust Company.

Briefly summarized the Directors feel that the acquisition of a second corporation will be of substantial benefit to Seaway Trust Company in marketing its GIC's to the public. You are well aware of the considerable discussion within the industry as to the benefits of changing the insurable limit under CDIC rules for depositors. We believe that having a second corporation's bonds available for sale to the public will be of substantial benefit for Seaway Trust Company in retaining and strengthening its relationship with its depositors.

Eaton Bay Mortgage Corporation is a federally chartered loan corporation which has had a continuous history of earnings and a consistent dividend policy and is a so-called "legal for life" corporation. We believe that this will be of advantage to Seaway Trust Company as we begin to plan for additional institutional investment support for our Company. As well, Eaton Bay Mortgage Corporation's earnings can be substantially enhanced by the elimination of the relatively high administration charges which have been charged against the corporation's expense accounts by its parent corporation. The earnings level we can expect from Eaton Bay Mortgage Corporation meets our Company's expectations in terms of rate of return for our shareholders and will enhance the earnings of Seaway Trust Company.

I would be more than pleased to discuss in detail this proposed transaction and our views in greater detail with you once we have obtained a final agreement with Eaton Bay Financial Services, the parent company of Eaton Bay Mortgage Corporation. I hope you understand that we have been reluctant to engage in detailed discussion in respect to this transaction until we were certain that it was going forward.

18. Company's Relationship with Parent Corporation

You have made a number of references in your letter which imply some uneasiness about Seaway Trust Company's relationship with its parent corporation, 435713 Ontario Inc.

While 435713 Ontario Inc. holds in excess of 98% of the issued and outstanding shares of Seaway Trust Company, I believe we have taken every measure to ensure that the Company's duties as the controlling shareholder of a Provincial Trust Company have been conscientiously fulfilled. In addition, I believe that we have proceeded with business decisions and decisions in respect to additional share capital in a way which has always taken into full consideration the minority shareholders of Seaway Trust Company.

435713 Ontario Inc. will receive a $50,000 management fee from Seaway Trust Company for the fiscal year 1981. We have agreed with members of our audit committee and our Board of Directors that any items of this type will be approved by our Board of Directors. I expect that as Seaway Trust Company adopts a regular dividend policy in the future the need for a management fee will be reduced. 435713 Ontario Inc. has also undertaken the payment of a number of substantial professional fees

and expenses which might normally have been passed through to the Trust Company for payment by any other shareholder.

I wish also to reassure you as to the modest personal financial benefit which I derive from spending nearly a full regular working week on behalf of Seaway Trust Company. Since the purchase and control of Seaway Trust Company on September 5th, 1980 by 435713 Ontario Inc., I have received a $1,400.00 per month management fee directly from Seaway Trust Company. I do not pass through to Seaway Trust Company normal expense items such as those in respect to travel and entertainment. You might be interested to know that I supply my automobile from personal resources and have logged approximately 21,000 kilometers of driving on a new vehicle since September 15th of this year, largely on behalf of Seaway Trust Company. The professional secretarial costs, office costs, telephone and stationery costs which are supplied by me from my home office at Elmvale, Ontario for Seaway Trust Company's benefit are not charged to the Company.

You might also be interested to know, that during 1981, 435713 Ontario Inc. has contributed $ 380,492.00 of contributed surplus to Seaway Trust Company's retained earnings. This has occurred because Seaway Trust Company has adopted a policy of issuing new treasury shares at their most recent audited book value. I wish to point out that this has been an arrangement which was volunteered and suggested by 435713 Ontario INc. to the Board of Directors of Seaway Trust Company so that we could feel that the minority shareholders of Seaway Trust Company were being fairly treated and not unfairly diluted in their

Hr

shareholding position. I am sure you are aware that a majority shareholder with in excess of 98% of the common shares of a corporation could legitimately insist upon the issue of additional treasury shares to fund a corporations growth and increase its earnings potential be at their par value.

435713 Ontario Inc. and I recognize that we have responsibilities to you which are carefully and fully legislated and set forth in the Loan and Trust Corporation Act and while there are as well responsibilities to the other shareholders of Seaway Trust Company, its employees, customers, business associates and Board of Directors, I believe strongly in the now rather old-fashioned principle that there are also certain proprietary rights and opportunities which are associated with the investment of capital and the acceptance of the responsibilities mentioned above.

While we must always have reference to the specific legislation and to a forthright relationship with the Ministry of Consumer and Commercial Relations, I believe strongly that we also have the right, responsibility, and obligation to direct the business affairs of Seaway Trust Company in such a way that the Company generates a satisfactory return on its shareholders' capital. I am not certain that this is the view expressed in your letter or the view expressed by members of the Ministry in various conversations.

19. Other Information and Conclusion

In respect to the specific items of information you were requesting at the conclusion of your letter in paragraph T, I have already indicated that you are in receipt of the Company's current financial statements. A borrowing position calculation is attached

to this letter. Mrs. Kyle is preparing a fully reconciled summary of current mortgage arrears in conjunction with her preparation for the year-end work with MacGillivray & Co. who are already at our offices and this material will be forwarded to you. We will also forward a schedule of outstanding loan committments from Mr. Braun's office and a detailed current mortgage balance from Mrs.Kyle's office. The finalization of our cash-flow forcast for the next fiscal year is not complete as we have been awaiting the results of the Eaton Bay Mortgage Corporation negotiations. However, we will be pleased to provide you with a draft of our thinking when we meet personally.

May I conclude this letter by reiterating how much we appreciate receiving your letter of December 1st containing, as it does, the first specific written general comments the Ministry of Consumer & Commercial Relations has made in respect to Seaway Trust Company's operations since early in 1980. I hope that some of the items covered in this letter and those which will be supplied to you will assist you and allay some of the concerns you have expressed. Once you have had an opportunity to review this letter, I will look forward to hearing from you as to a suitable date to meet with Mr. Thompson. If possible, I would very much appreciate Robert McDowell of Fasken & Calvin, who is the assistant secretary of Seaway Trust, being able to attend this meeting. Unfortunately, he is not available because of previous Christmas travel plans between December 19th and December 31st. Please advise me of your wishes in this regard.

Yours very truly
Seaway Trust Company

per Andrew F. Markle
President

Letter dated January 19, 1982 from Lemon to Rosenberg

January 19, 1982

Mr. Leonard Rosenberg,
President,
Greymac Mortgage Corporation,
Suite 2200,
390 Bay Street,
Toronto, Ontario.
M5H 2Y2

Dear Mr. Rosenberg:

Further to our meetings of last Friday and Monday morning, you have asked us to summarize in writing the discussions that took place with respect to the method of repaying a bank loan of Greymac Credit of approximately $7,000,000. The facts as we understand them are as follows:

(1) Greymac Credit (Credit) owns 100% of Greymac Trust (Trust) and Greymac Mortgage (Mortgage) which in turn owns 100% of Greymac Properties (Properties).

(2) Credit has a $7,000,000 bank borrowing (substantially all of which was used to purchase the shares of Trust) which is in turn guaranteed by Mortgage.

(3) As a result of discussions with the Superintendent of Insurance, the company is considering paying off this bank loan.

(4) Mortgage has sufficient cash to fund this repayment, but insufficient retained earnings to maintain its borrowing within the limitations imposed by the Loan Companies Act after payment of a dividend to Credit.

(5) Appraisals are presently being performed on certain income producing

assets of Properties and we understand that these appraisals will show that the fair market value of these properties is at least $7,000,000 in excess of their carrying costs for financial statement purposes.

After reviewing a number of alternatives, the following course of action was suggested as the simplest and the one that had the fewest tax implications associated with it. The proposed plan is as follows:

(1) Subject to our concurrence as your auditors, Properties will record, approximately, a $7,000,000 appraisal surplus on its financial statements.

(2) Properties will borrow on a short-term basis, $7,000,000 from the bank. The $7,000,000 will be paid as two separate dividends; one for $1,000,000 (the approximate retained earnings of Properties as at December 31, 1981) and one for $6,000,000.

(3) Mortgage in turn will declare and pay a $7,000,000 dividend to Credit (this dividend does not have to be split into two).

(4) Credit will use the $7,000,000 received from Mortgage to pay off the bank loan.

(5) With the cash that Mortgage has, it will in turn invest all or a portion of the $7,000,000 in additional common shares of Properties.

(6) With the proceeds from the share subscription in step 5 above plus the proceeds from any other required financing, Properties will pay off its temporary bank loan of $7,000,000 taken out in step 2 above.

On the assumption that Properties can declare a dividend out of its newly created appraisal surplus (and this is a legal question which should be clarified), there should be no immediate tax implications to the dividend paid from Properties to Mortgage nor the dividend paid by Mortgage to Credit.

In addition, as long as the non-consolidated financial statements of Mortgage carry the investment in Properties on the cost basis of accounting, the dividend received from Properties will be reflected in Mortgage's income (and consequently retained earnings). These dividends will flow tax-free among the companies except that any refundable dividend tax on hand refunded to Properties on the payment of this dividend will flow through Mortgage and be paid by Credit. Accordingly, a refund of these taxes in Credit will only be generated on the payment of taxable dividends by Credit.

As discussed with you however, there is a possibility that section 55 of the Income Tax Act could apply in the future. This section deals with the payment of a dividend "one of the purposes of which was to effect a significant reduction in ... the capital gain that, but for the dividend, would have been realized on the disposition at fair market value of any share of capital stock". If Mortgage ever considers disposing of its investment in Properties, the potential application of this section can, however, be minimized by ensuring that the <u>shares</u> of Properties are not sold, but rather the company's underlying assets.

If you have any questions on the above or if we can be of further assistance, please do not hesitate to call.

Yours faithfully,

P.O.Gratias :bb
R.H.Lemon

Draft letter dated
October 5, 1982 from
Player to Rosenberg

COPY

ELMVALE, ONTARIO

October 5, 1982.

Leonard Rosenberg, Esq.,
President,
Greymac Credit Corporation,
49 Yonge Street,
Toronto, Ontario.

Dear Lenny:

We have discussed in some detail my purchasing all of the shares of Greymac Mortgage Corporation. You are very anxious to have an agreement signed today in order that you can expedite the financing of a major acquisition. To accommodate you, I am prepared to sign the agreement today but you must understand the following:

1. I will be putting the transaction through a new holding company which is not yet organized.

2. The documentation which you have had prepared is not adequate for my purposes as it does not include a number of terms relating to certain of the large ~~held~~ mortgages, the handling of certain defaulted mortgages and of disputed mortgages, the computer program owned by the Corporation and the handling of those mortgages now held by the Corporation where I am the mortgagor (these must be removed so that I may qualify as a director of the Corporation).

3. The Corporation must have $10 million of immediate committable cash when the acquisition is completed.

4. The deal cannot close until your Cadillac Fairview property acquisition is closed because I require part of my fees in that deal for financing the purchase of Greymac Mortgage Corporation.

5. I also require that more formal and complete documentation be prepared as I will want to deliver a copy to the Federal Department of Insurance in order that I can obtain the necessary approvals to transfer and in order that I can maintain the 20 times borrowing power and the CDIC qualification.

In other words, the agreement that we are signing today is a letter of intent only between us to indicate our intentions while awaiting preparation of a more detailed and complete agreement

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Leonard Rosenberg, Esq. October 5, 1982.

We will proceed as quickly as we can to formalize documentation.

Yours very truly,

WCP/emp William C. Player

Draft agreement dated
October 5, 1982 re sale
of Greymac Mortgage

SHARE SALE AGREEMENT

Holdeng
82-V

This Agreement made this 5th day of October, 1982.

B E T W E E N:

GREYMAC CREDIT CORPORATION

Hereinafter called the "Vendor"

OF THE FIRST PART;

- and -

517252 ONTARIO LIMITED

Hereinafter called the "Purchaser"

OF THE SECOND PART;

WHEREAS the Vendor agreed to sell to the Purchaser and the Purchaser agreed to purchase from the Vendor all of the "Purchased Shares" (as hereinafter defined), all subject and upon the terms and conditions as herein provided;

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the covenants and agreements herein set out and for good and valuable consideration as herein provided, the parties hereto hereby covenant and agree as follows:

1.00 Definitions

Where used herein or any amendments hereto, the following terms shall have the following meanings respectively:

1.01 "The Corporation means Greymac Mortgage Corporation

1.02 "Common Shares" means the common shares in the capital of the Corporation.

1.03 "Preferrence Shares" means the preferrence shares in the capital of the Corporation.

1.04 "Purchased Shares" means all of the issued and outstanding Common and Preferrence Shares other than the Directors qualifying shares in the Corporation, and other than 60,000 Class "B" Preference Shares issued to Camreco Inc.

1.05 "Financial Statements" means the audited balance sheet of the Corporation as at the 31st day of December 1981, and the accompanying statements thereto, as annexed as Schedule "A" hereto.

1.06 "Closing Date" means the Seventh day of October, 1982 or such other date as the parties hereto may agree upon.

1.07 "Time of Closing" means ten o'clock in the morning (Toronto time) on the Closing Date.

1.08 "Purchase Price" means the sum of Thirty-Seven Million Five Hundred Thousand ($37,500,000) Dollars of lawful money of Canada.

1.09 "Date of Release" means the date of the occurrence of the later of;

(i) the date on which the Corporation name has been changed to the satisfaction of the Vendor; or

(ii) thirty (30) days following the expiry of the time limitation for notification of the Superintendent of Insurance of a change in the beneficial ownership of the Purchased Shares, pursuant to Section 48.1 of the Loan Companies Act.

1.10 "Bank" means The Canadian Commercial Bank.

2.00 Purchase Price

Subject to the terms and conditions as herein provided, the Vendor hereby agrees to sell, assign and transfer to the Purchaser, and the Purchaser hereby agrees to purchase from the Vendor, all (but not less than all) of the Purchased Shares for an aggregate purchase price of Thirty-Seven Million ($37,500,000) Dollars in lawful money of Canada (hereinafter called the "Purchase Price").

3.00 Payment of Purchase Price

The Purchase Price shall be payable by the Purchaser to the Vendor as follows:

3.01 The Purchaser shall pay in cash or by certified cheque on Closing Date of this transaction, the sum of One Million ($1,000,000) Dollars to the Vendor;

3.02 The Purchaser shall deliver to the Vendor on Closing Date a Promissory Note in the principal amount of Thurty-Six Million Five Hundred Thousand ($36,500,000.00) Dollars, bearing nil interest, maturing sixty (60) days following Closing Date and thereafter bearing interest rate of fifteen (15%) percent per annum and providing for no payments until maturity, but providing for calculation of interest at the aforesaid rate on a monthly basis after maturity.

3.03 By the Purchaser assigning to the Vendor as security for the satisfaction of the Promissory Note in the amount of $36,500,000.00 all of the Purchased Shares on terms satisfactory to the Purchaser.

4.00 Covenants, Representations and Warranties of the Vendor

The Vendor covenants, represents and warrants as follows:

4.01 That the Corporation has been duly incorporated and organized and is a validly subsisting corporation under the laws of Canada, and it has the corporate power to own or lease property and to carry on the business of a loan company as now being conducted by it. The authorized capital of the Corporation consists of 150,000 Common Shares with a par value of $100.00 each, of which 108,706.6 Common Shares have been issued, and are outstanding and fully paid and non-assessable; and 500,000 Preference Shares with a par value of $10.00 each, of which 100,000 Series "A" shares have been issued and are outstanding as fully paid and nonassessable, and 60,000 Series "B" shares have been issued and are outstanding as fully paid and non-assessable.

4.02 All of the Purchased Shares are owned by the Vendor as the beneficial owner, with a good and marketable title thereto, and shall, on completion of this transaction, be free and clear of any and all liens, charges, security interests, pledges and encumbrances whatsoever.

4.03 That no person, firm or corporation has any agreement or option or any right or privilege capable of becoming an agreement or option for the purchase from the Vendor of any of the Purchased Shares; or any unissued shares in the capital of the Corporation.

4.04 The Corporation has one subsidiary company, namely Greymac Properties Inc. and the Corporation shall not acquire

or lease any other business operations, and will not prior to the Time of Closing acquire or agree to acquire any other subsidiary or business, without the prior written consent of the Purchaser.

4.05 The Financial Statements have been or will be prepared in accordance with the generally accepted accounting principles applied on a basis consistent with those of previous years, and present or will present fairly the assets, liabilities and the financial position of the Corporation as at the date of such Financial Statements, as well as the earnings and results of operations of the Corporation during the period covered by the Financial Statements. The financial position of the Corporation is now at least as good as is shown and reflected in the Financial Statements.

4.06 The entering into of this agreement and the transaction contemplated hereby will not result in the violation of any terms of any constating documents of the Corporation.

4.07 The Corporation is not the owner of or under any Agreement to own or lease any real property except as described in Schedule "B" hereto.

4.08 The Corporation has not made any agreements with any labour union or employee association nor made commitments to nor conducted negotiations with any labour union or employee association with respect to any future agreements.

4.09 The Vendor is resident in Canada within the meaning of The Income Tax Act (Canada).

5.00 Covenants of the Vendor

The Vendor covenants and agrees with the Purchaser that on or before the Closing Date it will cause the following to be done:

5.01 To take all necessary steps and proceedings to permit all of the Purchased Shares to be duly and regularly transferred to the Purchaser or its nominee, but such transfers shall not be recorded on the books of the Corporation until the Date of Release.

5.02 To cause such Directors and officers of the Corporation as the Purchaser may specify to resign in favour of nominees of the Purchaser, such resignations to be effective as of the Closing Date.

5.03 Execute and deliver and request such officers and directors of the Corporation as the Purchaser may specify to execute and deliver at the Time of Closing, a Release of all its rights as against the Corporation.

5.04 Cause the present auditors of the Corporation to resign, such resignation to be effective as at the Date of Release.

6.00 Covenants of the Purchaser

The Purchaser hereby covenants and agrees as follows:

6.01 To forthwith, following Closing Date, change the name of the Corporation to a name acceptable to the Purchaser.

6.02 On Closing Date to deliver to the Purchaser the Purchase Price as represented by the Promissory Note as aforementioned, and the cash portion as aforementioned.

6.03 To deliver on Closing Date an assignment of the Purchased Shares as security for the Promissory Note in a form of assignment as security satisfactory to the Vendor.

6.04 In the event of this transaction not closing, not to release or disclose any information received by virtue of this transaction with regard to the Corporation, which information shall remain strictly confidential.

6.05 The Purchaser represents and warrants to the Vendor that it is not a non-resident of Canada pursuant to the provisions of The Foreign Investment Review Act, or pursuant to The Loan Companies Act (Canada). On Closing the Purchaser shall provide the Vendor with such written evidence, including Statutory Declaration if required, as may be reasonably required by the Vendor with respect to such matters.

6.06 The Purchaser agrees to assume any and all employees of the Corporation and their terms of employment whether written or oral.

7.00 <u>Conditions of Closing</u>

The sale and purchase of the Purchased Shares shall be subject to the following terms and conditions to be fulfilled and performed at or prior to the time of closing.

7.01 The Covenants and Representations of the parties hereto as herein set out shall be true and correct at the Time of Closing.

7.02 That the Vendor and Purchaser have complied with all covenants and agreements as herein set out.

8.00 Closing Arrangements

8.01 The Closing shall take place at the Time of Closing on the Closing Date at the offices of the Vendor, 49 Yonge Street, Toronto, Ontario.

8.02 At the Time of Closing, on the Closing Date, upon fulfillment or waiver of all of the conditions of closing as herein set out, the Vendor shall deliver to the Purchaser certificates representing all of the Purchased Shares duly endorsed in blank for transfer, and will cause transfers of such shares to be duly and regularly recorded in the name of the Purchaser or its nominee on the corporate records of the Corporation on the Date of Release and will cause a meeting of the Board of Directors of the Corporation to be held at which all Directors and officers of the Corporation will resign in favour of nominees of the Purchaser immediately following the Date of Release.

9.00 Notices

Any notice, direction or other instruction required or permitted to be given to the Vendor, or Purchaser hereunder shall be in writing and may be given by delivering same addressed to:

The Vendor: 49 Yonge Street
Toronto, Ontario

The Purchaser:

Any notice, direction or other instruction aforesaid, if delivered shall be deemed to have been given or made on the date on which it was delivered.

The Purchaser or Vendor may change its address for service from time to time by notice given in accordance with the foregoing provisions.

10.00 Time of the Essence

Time shall be of the essence of this agreement in all respects.

11.00 Law of Ontario

This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario.

12.00 Benefit and Enurement

This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the parties have affixed their corporate seals, duly attested to by the hands of its proper signing officers, in that regard duly authorized.

GREYMAC CREDIT CORPORATION

Per: ______________________

Per: ______________________

517252 ONTARIO LIMITED

Per: ______________________

Agreements dated October 7, 1982 re sale of Greymac Mortgage

THIS AGREEMENT made this 7th day of October, 1982

B E T W E E N :

517252 ONTARIO LIMITED

hereinafter called the "Purchaser"

OF THE FIRST PART;

- and -

GREYMAC MORTGAGE CORPORATION

hereinafter called the "Corporation"

OF THE SECOND PART;

- and

GREYMAC CREDIT CORPORATION

hereinafter called the "Vendor"

OF THE THIRD PART;

WHEREAS the Vendor has sold to the Purchaser all of the issued and outstanding shares of the Corporation except for directors qualifying shares and 60,000 Series "B" Preference shares issued to Camreco Inc. (which shares so sold are hereinafter called "The Purchased Shares").

AND WHEREAS as security for the unpaid portion of the sale price for such shares the Purchaser has given to the Vendor a promissory note copy of which is attached as Schedule "A" hereto and hereinafter called "The Promissory Note".

AND WHEREAS as further security to the Promissory Note the Purchaser has agreed to assign and pledge to the Vendor the Purchased Shares.

NOW THIS AGREEMENT WITNESSES that in consideration of TWO ($2.00) DOLLARS and other good and valuable consideration, the adequacy and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. The Corporation and the Purchaser covenant and agree that until the Promissory Note shall have been paid and satisfied in full, they shall give full force and effect to the following:

(a) The parties hereto do covenant and agree to exercise their vote and influence in such manner as may be necessary to prevent the Corporation from alloting or issuing any shares in its capital or reducing, converting, subdividing or consolidating its authorized capital, issued or unissued or altering its share capital in any way whatsoever other than by the creation or issue of non-voting, non-cumulative, non-participating preference shares for the purpose of issue as a stock dividend.

(b) The business of the Corporation shall be conducted in a proper and business-like manner.

(c) Accounts shall be maintained in accordance with proper and accepted accounting practices and procedures.

(d) The working capital of the Corporation shall be maintained.

(e) Only reasonable salaries shall be paid to employees and managers of the Corporation.

(f) The Vendor shall be furnished within ninety (90) days of the close of each of the Corporation's six (6) month fiscal periods and the end of the Corporation's fiscal years, a detailed copy of the report of the Corporation's accountants complete with detailed balance sheets, profit and loss statements and supporting schedules. In the event that such report and statements are not received by the Vendor within the prescribed time, the Vendor, together with his auditors shall have the right at all reasonable times during the course of any such default to inspect the records and accounts of the Corporation.

2. The Promissory Note owing to the Vendor by the Purchaser shall be secured by the delivery of share certificates representing the Purchased Shares (hereinafter collectively referred to as the "Escrow Shares") to the Vendor to be held by it upon the following terms:

provided that the Purchaser is not in default hereunder or under the Promissory Note:

(a) The Vendor shall forthwith upon receipt of notice of any meeting of shareholders of the Corporation deliver proxies to the Purchaser or his nominee or nominees to vote all the Escrow Shares registered in the name of the Vendor by its signature and agrees to consent to and to confirm by its signature all such resolutions, special resolutions, by-laws and special by-laws as the Purchaser may in writing direct.

(b) All monies which may be payable in respect of the Escrow Shares, whether by way of dividends or capital

distributions, or otherwise howsoever will be forthwith paid over to the Purchaser, or as it shall from time to time direct.

(c) Any and all benefits and/or rights pertaining to the Escrow Shares shall be conveyed, transferred or dealt with in such manner as the Purchaser shall from time to time direct.

3. In the event of default by the Purchaser in the due payment of the balance of the purchase price or interest or any of the terms of this Agreement or the Promissory Note, the Vendor may give written notice of such default to the Purchaser requiring the Purchaser to cure such default forthwith. If the Purchaser shall fail to cure such default forthwith, the Vendor may sell the Escrow Shares at a bona fide public or private sale or auction, the terms and manner of such auction or sale to be at the sole discretion of the Vendor. The Vendor may accept any offer which it in its absolute discretion considers advisable. Notice of any public or private sale or auction shall be given to the Purchaser at least fifteen (15) days prior to the date on which such sale is to be held. The proceeds of such sale shall be used and applied first, to the costs and expense of such sale incurred by the Vendor, including Security Transfer Taxes, secondly to reimburse the Vendor for out of pocket expenses incurred in connection with the sale, and thirdly for the payment in full of all sums due to the Vendor in accordance with this Agreement. The balance of the proceeds, if any, shall be paid to the Purchaser. If the Proceeds of the sale are insufficient to pay the amount due to the Vendor in accordance with this Agreement (including all

expenses and costs incurred in regard to the collection of same), then the Purchaser shall remain liable to the Vendor for any such deficiency.

In the event that the Vendor elects not to sell the Escrow Shares, such election to be made in writing and forwarded to the Purchaser within sixty (60) days from the time of default, the Purchaser shall be relieved of any further obligation to make any payments on account of the purchase price under this Agreement but may redeem the Escrow Shares upon payment to the Vendor of the balance of the purchase price payable hereunder, plus any and all costs incurred by the Vendor together with interest in accordance the terms of the Promissory Note, whichever is greater within the said sixty (60) day period, but not thereafter as if this Agreement constituted a mortgage of the Escrow Shares. Notwithstanding anything herein contained, the Vendor shall be precluded from foreclosing at any time by court order the right of the Purchaser to redeem the Escrow Shares as if this Agreement constituted a mortgage of the Escrow Shares.

4. Upon payment in full of any unpaid balance of the Promissory Note owing to the Vendor, the Vendor shall forthwith deliver to the Purchaser share certificates representing the Escrow Shares, endorsed in blank for transfer.

5. This Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors, and assigns.

IN WITNESS WHEREOF the parties hereto have executed this Agreement under their corporate seals, duly attested to by

the hands of their proper officers duly authorized in that behalf.

517252 ONTARIO LIMITED

Per: ______________________ c/s

Per: ______________________

GREYMAC MORTGAGE CORPORATION

Per: ______________________ c/s

Per: ______________________

GREYMAC CREDIT CORPORATION

Per: ______________________ c/s

Per: ______________________

THIS AGREEMENT made the 7th day of October, 1982.

B E T W E E N :

GREYMAC MORTGAGE CORPORATION
a Company incorporated under the laws of the Province of Ontario,

(hereinafter called the "CORPORATION")

OF THE FIRST PART,

- and -

GREYMAC CREDIT CORPORATION
a Company incorporated under the laws of the Province of Ontario,

(hereinafter called "CREDIT")

OF THE SECOND PART,

- and -

517252 ONTARIO LIMITED
a Company incorporated under the laws of the Province of Ontario,

(hereinafter called the "COMPANY")

OF THE THIRD PART.

WHEREAS the Company is the beneficial owner of all the outstanding common shares of the Corporation;

AND WHEREAS the Corporation is the owner of common shares of the Canadian Commercial Bank (hereinafter called the "Bank") and which shares shall herein be referred to as the "Shares of the Bank".

AND WHEREAS the Corporation has agreed to grant in favour of Credit a continuing right of first refusal to purchase the Shares of the Bank.

AND WHEREAS the Corporation has agreed to cause the Corporation to do so.

IN CONSIDERATION of the sum of TEN ($10.00) DOLLARS and other good and valuable consideration the Corporation and the Company respectively hereby grant to Credit, from the date of this Agreement and for a term of Five 5 ~~twenty-one (21)~~ years. ~~less one day~~:

1. The first right of refusal to purchase the Shares of the Bank on the following terms:

(a) If the Corporation receives any bona fide arms length offer from a third party to purchase all or any portion of the Shares of the Bank which it is ready and willing to accept or intends to enter into an agreement of purchase and sale of such shares with a third party (each type of transaction being hereinafter referred to as an "Offer" and the third party in each case being hereinafter referred to as the "Offeror"), it shall give notice in writing to Credit of such Offer together with a copy of such Offer and Credit shall have the first right to purchase the Shares of the Bank being offerred for sale (the "Right of Purchase") for a period of fifteen (15) days from the date of receipt of such notice at the price and on the terms contained in such Offer;

(b) the Right of Purchase may be exercised by Credit giving notice in writing to the Corporation to that effect during the said fifteen (15) day period;

(c) if Credit does not exercise its right of purchase within fifteen (15) days as aforesaid the Corporation

shall have the right to accept such Offer upon the terms disclosed to Credit;

(d) a further notice of such Offer to Credit shall be required if there is any change in the price or other material term of the Offer and Credit shall have fifteen (15) days from the date of such further notice to exercise its Right to Purchase in accordance with the new terms of the Offer;

(e) the parties hereto agree that the Right of Purchase is a continuing right of Credit during the period from the date of this Agreement for a period of Five ~~twenty-one~~ 5 ~~(21)~~ years. ~~less one day from the execution hereof;~~

(f) upon its acceptance of any Offer not exercised by Credit prior to the expiry of the term of this Agreement, the Corporation shall contemporaneously obtain from the Offeror an agreement between the Offeror and Credit whereby the Offeror agrees to be bound by the terms of the within Agreement and to perform all the obligations of the Corporation hereunder. Any sale or transfer shall be null and void if the Corporation does not obtain such Agreement;

(g) the Right of Purchase shall not apply to a sale or transfer by the Corporation of the Shares of the Bank to a wholly owned affiliate of the Corporation provided that in all cases the transferee enters into an agreement with Credit to be bound by the terms of the within Agreement and to perform the obligations of

the Corporation hereunder. Any such transfer shall be null and void if a transferee fails to enter into such an agreement.

2. The Company represents and warrants that it is the sole beneficial owner of all the outstanding issued common shares of the Corporation and the Corporation represents and warrants that the Shares of the Bank are an asset of the Corporation.

3. The Company hereby agrees to cause the Corporation to comply in all respects and be bound by the terms of this Agreement.

4. This Agreement and everything contained shall enure to the benefit of and be binding upon the successors and assigns of the Corporation, the Company and Credit.

IN WITNESS WHEREOF the parties have affixed their corporate seals, duly attested to by the hands of their proper signing officers, in that regard duly authorized.

GREYMAC MORTGAGE CORPORATION

Per: ______________________ c/s

Per: ______________________

GREYMAC CREDIT CORPORATION

Per: ______________________ c/s

Per: ______________________

517252 ONTARIO LIMITED

Per: ______________________ c/s

Per: ______________________

THIS AGREEMENT made this 5th day of October, 1982.

B E T W E E N:

GREYMAC CREDIT CORPORATION

Hereinafter called "CREDIT"

OF THE FIRST PART;

- and -

517252 ONTARIO LIMITED

Hereinafter called the "COMPANY"

OF THE SECOND PART;

WHEREAS the Company has agreed to purchase the Purchased Shares (as hereinafter defined);

AND WHEREAS the Corporation (as hereinafter defined) is the registered owner of shares of the Bank (as hereinafter defined);

NOW THEREFORE THIS AGREEMENT WITNESSETH THAT in consideration of the sum of TWO ($2.00) DOLLARS and other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties hereto hereby agree as follows:

1.00 Definitions

Where used herein or any amendments hereto, the following terms shall have the following meanings respectively:

1.01 "The Corporation means Greymac Mortgage Corporation.

1.02 "Purchased Shares" means all of the issued and outstanding Common and Preferrence Shares of the Corporation

other than the Directors qualifying shares in the Corporation, and other than 60,000 Class "B" Preference Shares issued to Camreco Inc.

1.03 "Bank" means The Canadian Commercial Bank.

1.04 "Shares of the Bank" means all issued and outstanding shares of the Bank owned by the Corporation.

1.05 "Closing of Sale Transaction" shall mean the closing of the transaction by which the Company has purchased from Credit the Purchased Shares.

2.00 <u>Assignment</u>

2.01 The Company shall assign to Credit on Closing of Sale Transaction, any and all voting rights related to Shares of The Bank, in a form of assignment or voting trust as may be required by the solicitors for Credit, and which assignment shall be for a term of five (5) years, immediately following Closing Date.

3.00 <u>Right of First Refusal</u>

3.01 On Closing of Sale Transaction, the Company shall deliver to Credit an Agreement granting in favour of Credit a right of first refusal, for a period of Five (5) years to purchase Shares of The Bank, which agreement shall be on terms satisfactory to Credit, and which shall provide to Credit a continuing right of first refusal with respect to each and every contemplated purchase and sale of the Shares of The Bank.

IN WITNESS WHEREOF the parties have affixed their corporate seals, duly attested to by the hands of their

proper signing officers, in that regard duly authorized.

GREYMAC CREDIT CORPORATION

Per: ______________________

Per: ______________________

517252 ONTARIO LIMITED

Per: ______________________

Per: ______________________

Minutes of shareholder's
meeting of Greymac Mortgage
held October 7, 1982
(prepared by R. Wilson)

MINUTES of a meeting of the shareholders of GREYMAC MORTGAGE CORPORATION (the "Corporation") held at the offices of the Corporation, 49 Yonge Street, Toronto, Ontario, on Thursday, the 7th day of October, 1982, at the hour of 4:00 o'clock in the afternoon (Toronto time)

PRESENT IN PERSON:	William Player Charles James
PRESENT BY THEIR DULY ELECTED PROXY, WILLIAM PLAYER:	517252 Ontario Limited Pierre Demarais David Allport Isaac Van Lange Tim Howard

Mr. Player acted as Chairman of the meeting and Mr. James acted as Secretary of the meeting.

CONSTITUTION OF MEETING

The Chairman declared that as all the shareholders were present in person or by proxy that the meeting was duly constituted for the transaction of business.

ELECTION OF DIRECTORS

The Chairman referred to the sale earlier this day of all of the shares of Greymac Mortgage Corporation (except 30 shares beneficially owned by various directors and 60,000 Class B Preference Shares owned by Camreco Inc.) to 517252 Ontario Limited. The Chairman stated that the directors meeting held at 10:00 o'clock in the forenoon was improperly constituted as there was no quorum and therefore the directors appointed at that meeting were not validly appointed and were not the directors of the Corporation. Furthermore, all directors and officers (except for Mr. Charles James who is to become President in the place of Mr. Cowper) had in fact resigned. Accordingly, there is no quorum of directors in office and the Chairman indicated that it was desirable to elect directors to fill certain of the vacancies, it being noted that there are to be eight (8) directors with a quorum of five (5) (By-Law No. 20), such new directors to hold office until the next annual meeting of the Corporation or until their successors are elected or appointed.

UPON MOTION made by Mr. James, SECONDED by Mr. Player, the following qualified shareholders of the Corporation were nominated as directors:

William Player
Pierre Demarais
David Allport
Tim Howard
Isaac Van Lange

There being no further nominations, the Chairman

William Player
Charles James
Pierre Demarais
David Allport
Tim Howard
Isaac Van Lange

and that there are two vacancies on the Board.

TERMINATION

There being no further business before the meeting, the meeting then terminated.

____________________________ Chairman of the Meeting

____________________________ Secretary of the Meeting

Minutes of directors' meeting of Greymac Mortgage held October 7, 1982 (prepared by R. Wilson)

[illegible]
[illegible] (the "Corporation"), held at the offices of the Corporation, 49 Yonge Street, Toronto, Ontario, on Thursday, the 7th day of October, 1982, immediately following the Meeting of Shareholders.

PRESENT:

William Player
Charles James
Tim Howard
David Allport
Pierre Demarais

being a quorum of directors of the Corporation.

Mr. Player acted as Chairman of the meeting and Mr. James acted as Secretary of the meeting.

CONSTITUTION OF MEETING

The Chairman declared that notice of this meeting of directors had not been given but that each of the directors (including those not present) would execute a waiver and consent to the transaction of business and therefore declared the meeting to be regularly constituted for the transaction of business.

ELECTION OF CHAIRMAN OF THE BOARD

The Chairman stated that it was in order to proceed with the election of a Chairman of the Board and nominated William C. Player.

UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED that:

> William C. Player be elected Chairman of the Board of the Corporation, effective immediately, to hold office until the next annual meeting of the Corporation or until his successor shall be elected.

ELECTION OF PRESIDENT

The Chairman indicated that there is a requirement in the Loan Companies Act that there be a President of the Corporation who is a director and nominated Charles James.

UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED that:

> Charles James be elected President of the Corporation, effective immediately, to hold office until the next annual meeting of the Corporation or until his successor shall be elected.

[illegible]

The Chairman indicated that there is a requirement in the Loan Companies Act that there be a Vice-President of the Corporation who is a director and nominated Isaac Van Lange.

UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED that:

> Isaac Van Lange be elected Vice-President and ~~Secretary-~~Treasurer of the Corporation, effective immediately, to hold office until the next annual meeting of the Corporation or until his successor shall be elected.

ELECTION OF OTHER OFFICERS

The Chairman stated that it was in order to elect other officers of the Corporation from among the directors.

UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED that the following other officers be elected to hold office during the pleasure of the Board:

Tim Howard	-	Vice-Chairman
William A. Boake	-	Acting Vice-President, Administration and Finance
William Vasiliou	-	Director of Administration and Finance

EXECUTIVE COMMITTEE (Mortgage Investments)

The Chairman stated that the by-laws contemplate an Executive Committee with broad powers and that it is desirable to continue to have an Executive Committee but to impose operating restrictions on that Executive Committee so that the Executive Committee is a loan committee empowered to act between directors meetings.

UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED that:

1. The Executive Committee shall consist of three (3) members.
2. The Executive Committee shall have the capacity only to exercise those powers of the Directors which relate solely to the making of loans by the Corporation, subject to any further restrictions which may be imposed upon the Executive Committee from time to time by the Executive Committee itself. All loans, including mortgage loans, authorized by the Executive Committee shall be reported to the Board of Directors in summary form at its next meeting.
3. The Chairman of the Executive Committee shall have the authority to make loans up to a maximum of $200,000. The Chairman shall also have the authority to name, from among the members of the Executive Committee, those people who shall have the authority to make loans up to a maximum of $50,000 and only those people so named shall have the authority to make loans. All other loans shall be authorized only by resolution of the Executive Committee.

[illegible]

The Chairman stated that it was in order to proceed with the election of members of the Executive Committee and declared the meeting open for nominations. The following persons were nominated:

William Player
Charles James
Isaac Van Lange

There being no further nominations, the Chairman declared the nominations closed and directed that a ballot be taken. By a show of hands, those nominated were unanimously elected. The Chairman then declared that those nominated were the duly elected members of the Executive Committee of the Corporation to hold office until removed or replaced by the Board of Directors or until their successors are elected or appointed. The Chairman of this meeting stated that Mr. James would be elected at the first meeting of the new Executive Committee to be Chairman of the Executive Committee.

BY-LAW NO. 28

The Chairman stated that By-Law No. 23 of the Corporation only provided for a three member Executive Committee and that it was desirable to expand that to five members. The Chairman then presented to the meeting a draft By-Law No. 28 (which was annexed to the minutes as a schedule) being an amendment to By-Law No. 23 to expand the Executive Committee as aforesaid. The Chairman informed the meeting that pursuant to the Loan Companies Act, By-Law No. 28 would not take effect until confirmed by the shareholders at which time two additional memebers of the Executive Committee would be elected from among the members of the Board.

UPON MOTION duly, made seconded and unanimously carried, IT WAS RESOLVED that:

> By-Law No. 28, which appears as a schedule to these minutes, be passed as a by-law of the Corporation, subject to shareholder confirmation, and that the President and Secretary are hereby authorized and directed to sign the same and affix the corporate seal thereto.

PLEDGE AGREEMENT

The Chairman advised the meeting that the Corporation wished to enter into an agreement, in the form of the draft presented to the meeting, relating to the pledge of all of the Corporation's stock held by 517252 Ontario Limited to Greymac Credit Corporation.

UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED that:

1. The Pledge Agreement, substantially in the form presented to the meeting, among the Corporation, 517252 Ontario Limited and Greymac Credit Corporation providing, inter alia, for the pledge of all the Corporation's ~~stock held by 517252~~ Ontario Limited and for the Corporation not to change its issued and/or authorized capital, all on the terms and conditions set out therein is approved, subject to such additions, deletions and changes therein as may be consented to by William C. Player, such consent to be conclusively evidenced by his signing such agreement.
2. William C. Player is hereby authorized and directed to do, sign and execute all things, deeds and documents necessary or desirable for the due carrying out of the foregoing.

LOAN TO GREYMAC CREDIT CORPORATION

The Chairman advised the meeting that the Corporation desired to lend $14,000,000 to Greymac Credit Corporation provided that the Corporation receive 225,807 common shares of Crown Trust Company as security. The Chairman then advised the meeting that the Corporation had received an opinion of Gordon, Traub, Rotenberg & May dated October 7, 1982, that the secured loan is an "authorized investment" pursuant to Section 60(3) and Section 60(6) of the Loan Companies Act.

UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED that:

1. The loan of $14,000,000 to Greymac Credit Corporation upon the security of 225,807 common shares of Crown Trust Company is approved.
2. William C. Player is hereby authorized and directed to do, sign and execute all things, deeds and documents necessary or desirable for the due carrying out of the foregoing.

CANADIAN COMMERCIAL BANK STOCK

The Chairman advised the meeting that it was desirable for the Corporation to grant a right of first refusal, proxy and power of attorney over the Canadian Commercial Bank stock held by the Corporation to Greymac Credit Corporation in the form of the draft presented to the meeting.

UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED that:

1. The right of first refusal substantially in the form presented to the meeting among the Corporation, 517252 Ontario Limited and Greymac Credit Corporation providing, inter alia, for the right of first refusal in favour of Greymac Credit Corporation to purchase the common shares of the Canadian Commercial Bank presently held by the Corporation, all on the terms and conditions set out therein and the proxy and power of attorney substantially in the form presented to the meeting appointing Greymac Credit Corporation as the Corporation's proxy to act for and on behalf of the Corporation at any and all meetings of the shareholders of the Canadian Commercial Bank, are approved subject to such additions, deletions and changes therein as may be consented to by William C. Player, such consent to be conclusively evidenced by his signing such agreement and proxy.
2. William C. Player is hereby authorized and directed to do, sign and execute all things, deeds and documents necessary or desirable for the due carrying out of the foregoing.

BANKING RESOLUTIONS

The Chairman then advised the meeting that the Corporation wished to change the signing officers for the bank accounts with the Bank of Montreal.

UPON MOTION duly made, seconded and unanimously carried, IT WAS RESOLVED that:

1. The Banking Resolution in the form of Schedule A annexed hereto be and the same is hereby approved and consented to as the Banking Resolution of the Corporation.
2. The proper officers of the Corporation be authorized to execute and deliver to the Bank incumbency certificates, copies of this resolution and such other documentation incidential to the operation of the Corporation.

ADJOURNMENT

There being no further business before the meeting, the meeting on motion adjourned.

Chairman of the Meeting

Secretary of the Meeting

The First Canadian Bank
Bank of Montreal

Resolution as to Banker and Signing Officers for Incorporated Companies

GREYMAC MORTGAGE CORPORATION
(name of the Corporation)

RESOLVED

1 That the Bank of Montreal (hereinafter called the "Bank") be appointed the banker of the Corporation, and

2 That the Chairman, Vice Chariman, President, Secretary Treasurer, Vice President of Administration & Finance, and Director of Administration & Finance,

is/are hereby authorized on behalf of the Corporation— any two (2) of

(a) to sign, if necessary or convenient under seal, endorse, make, draw, and/or accept any cheques, promissory notes, bills of exchange or other negotiable instruments, any orders for the payment of money, contracts for letters of credit or forward exchange and generally all instruments or documents for the purpose of binding or obligating the Corporation in any way in connection with its account(s) and transactions with the Bank, whether or not an overdraft is thereby created, and instruments and documents so signed shall be binding upon the Corporation,

(b) to receive from the Bank, and where applicable receipt for, all statements of accounts (pass-books) cheques and other debit vouchers, unpaid and unaccepted bills of exchange and other negotiable instruments and to delegate in writing to be filed with the Bank such authority to one or more other persons, and

3 That, in addition to the officers or persons mentioned above, the*

is/are hereby authorized to negotiate with, deposit with or transfer to the said Bank (but for credit of the Corporation's account(s) only) all or any cheques, promissory notes, bills of exchange or other negotiable instruments, and orders for the payment of money and for the said purpose to draw, make, sign, endorse (by rubber stamp or otherwise) all or any of the foregoing, and every such signature or stamping shall be binding upon the Corporation; and

4 That the Bank be and is hereby authorized without inquiry to honour and to pay any or all cheques or other instruments duly signed for the Corporation by its authorized signing officers, drawn to the individual order of any officer or officers signing the same, whether encashed, tendered in payment of the individual's obligation or deposited to the credit of any such officer or officers, and the Bank is hereby held harmless and indemnified by reason of such action; and

5. That a certified copy of this resolution be handed to the Bank for its guidance and information in the premises, and that the Corporation undertake that this resolution shall be irrevocable until a resolution repealing this resolution shall have been passed and a copy thereof duly certified under the seal of the Corporation delivered to the Bank at each branch or agency where an account shall be kept; and

6 That all resolutions (if any) as to Banker and Signing Officers as aforesaid passed by the Board of Directors of the Corporation previous to this resolution are hereby repealed

I CERTIFY that the foregoing is a true copy of a resolution duly passed by the Directors of GREYMAC MORTGAGE CORPORATION

as required by law **

GREYMAC MORTGAGE CORPORATION

BY-LAW NO. 28

Being a by-law to amend By-law No. 23
of the Company

BE IT ENACTED as a by-law of Greymac Mortgage Corporation (herein called the "Company") as follows:

By-law No. 23 of the Company shall be amended by deleting paragraph 1 thereof and substituting therefor the following:

1. The Board of Directors, when it consists of more than six (6) members, may from time to time elect from among its members an Executive Committee consisting of five (5) members. Each member of the Executive Committee shall serve during the pleasure of the Board and, in any event, only so long as he shall be a director. The Board may fill vacancies in the Executive Committee by election from among its number. If and whenever a vacancy shall exist in the Executive Committee, the remaining members may exercise all of its powers so long as a quorum remains in office.

Passed by the Directors, confirmed by the Shareholders and sealed with the corporate seal of the Company, this 7th day of October, 1982.

William C. Player - Chairman

Charles James - Secretary

[illegible]

WAIVER OF NOTICE

TO: GREYMAC MORTGAGE CORPORATION

AND TO: THE DIRECTORS THEREOF

The undersigned, being all of the directors of GREYMAC MORTGAGE CORPORATION, hereby waive notice of a meeting of the directors of the Corporation to be held at the head office of the Corporation on the 7th day of October, 1982, immediately following the meeting of shareholders of the Corporation to be held that day and do consent to the holding thereof at the said time and place, and the transaction thereat of such business as may come before the meeting or any adjournment thereof.

DATED this day of , 1982.

William C. Player

Charles James

Timothy Howard

David A. Allport

Pierre Demarais

Isaac J. Van Lange

Letter and banking resolution dated October 7, 1982 from Greymac Mortgage to Bank of Montreal

GREYMAC

GREYMAC TRUST COMPANY GREYMAC MORTGAGE CORPORATION

49 Yonge Street, Toronto, Ontario, Canada M5E 1J1 Telephone 862-0111 Telex 06-22261

October 7, 1982

Mr. Steve Arthur
Bank of Montreal
6 King / Street W.
Toronto, Ontario

Dear Mr. Arthur:

Please find enclosed the new signing authorities for Greymac Mortgage Corporation. They are effective today, October 7, 1982.

Thank you in advance for your anticipated cooperation in this matter.

Sincerely,

George L. Comisso
Director of Bank Operations

GLC/mjd

Encl.

The First Canadian Bank
Bank of Montreal

Borrowing By-Law. Companies with Share Capital Incorporated under the Laws of Canada, or of Ontario, Quebec, New Brunswick, Prince Edward Island or Manitoba.

GREYMAC MORTGAGE CORPORATION
Name of Corporation

BY-LAW No. 28

RESPECTING THE BORROWING OF MONEY BY THE CORPORATION RESOLVED:

WHEREAS it is necessary for the purposes of the Corporation to borrow money or obtain other financial assistance on the credit of the Corporation from time to time from one of the chartered banks of Canada:

THEREFORE BE IT ENACTED by the Directors of GREYMAC MORTGAGE CORPORATION, as a By-law thereof:

1. That the Directors of the Corporation be and they are hereby authorized to borrow moneys or obtain other financial assistance from time to time from the Bank of Montreal (the "Bank") (including without limitation through the issuance of bills of exchange drawn by the Corporation and accepted by the Bank) upon the credit of the Corporation in such amounts as they deem proper and by way of overdraft or otherwise.

2. That any promissory notes, bills of exchange or other negotiable paper (including renewals thereof in whole or in part) signed on behalf of the Corporation by the officer or officers of the Corporation authorized from time to time to sign negotiable instruments on its behalf and granted to or accepted by the Bank for moneys borrowed and interest thereon as may be agreed upon or other financial assistance obtained from the Bank shall be binding upon the Corporation.

3. That the Directors may from time to time, if they see fit to do so, grant securities by way of mortgage, hypothecation, pledge or otherwise covering all or any of the property and assets of the Corporation present and future as security for all or any moneys borrowed by the Corporation from the Bank or any other liability of the Corporation to the Bank, and any such mortgage, hypothecation, pledge or other security shall be valid and binding upon the Corporation if signed by any of the officers authorized to sign negotiable instruments on the Corporation's behalf.

*delete the bracketed words if not appropriate

4. All contracts, deeds, grants, assurances and documents reasonably required by the Bank or its Counsel for all or any of the purposes aforesaid shall be executed and carried into effect by the proper officers of the Corporation* (and when necessary the seal of the Corporation shall be affixed thereto).

5. This By-law when sanctioned by the Shareholders shall be irrevocable until a by-law repealing this By-law shall have been confirmed or sanctioned by the Shareholders and a copy thereof duly certified* (under the seal of the Corporation) delivered to the Bank, and meanwhile all the powers and authorities hereby conferred shall continue in force.

I CERTIFY that the foregoing is true copy of By-law No. 28

of** Greymac Mortgage Corporation duly enacted by the Directors of the said Corporation and duly confirmed or sanctioned by the Shareholders thereof as required by law.

**insert Corporation Name

AS WITNESS* (the corporate seal of the Corporation) this 7th day

of October, 19 82

AFFIX SEAL

W. C. P.
Secretary
William Player

MEMO

Corporation incorporated ____________
(date)

Articles of Continuance ____________
(Where applicable)
(date)

Charter ____________
(enter "Canada Business Corporations Act Corporation, Canada Corporations Act Company, or name of Provincial Companies or Corporations Act")

Resolution as to Banker and Signing Officers for Incorporated Companies

Note: Inapplicable words may be deleted but anything struck out should be initialled by the Corporation's Secretary

GREYMAC MORTGAGE CORPORATION

(Name of the Corporation)

RESOLVED

1. That the Bank of Montreal (hereinafter called the "Bank") be appointed the banker of the Corporation; and

2. That the* Secretary-Treasurer and President, together

~~is~~/are hereby authorized on behalf of the Corporation:—

*Insert titles of officers or names of persons authorized adding "or any one of them" "or any one of them and countersigned by ______" "or any two of them" or otherwise as required

(a) to sign, if necessary or convenient under seal, endorse, make, draw, and/or accept any cheques, promissory notes, bills of exchange or other negotiable instruments, any orders for the payment of money, contracts for letters of credit or forward exchange and generally all instruments or documents for the purpose of binding or obligating the Corporation in any way in connection with its account(s) and transactions with the Bank, whether or not an overdraft is thereby created, and instruments and documents so signed shall be binding upon the Corporation,

(b) to receive from the Bank, and where applicable receipt for, all statements of accounts (pass-books) cheques and other debit vouchers, unpaid and unaccepted bills of exchange and other negotiable instruments and to delegate in writing to be filed with the Bank such authority to one or more other persons; and

3. That, ~~in addition to~~ the officers or persons mentioned above, the*

~~is~~/are hereby authorized to negotiate with, deposit with or transfer to the said Bank (but for credit of the Corporation's account(s) only) all or any cheques, promissory notes, bills of exchange or other negotiable instruments, and orders for the payment of money and for the said purpose to draw, make, sign, endorse (by rubber stamp or otherwise) all or any of the foregoing, and every such signature or stamping shall be binding upon the Corporation; and

4. That the Bank be and is hereby authorized without inquiry to honour and to pay any or all cheques or other instruments duly signed for the Corporation by its authorized signing officers, drawn to the individual order of any officer or officers signing the same, whether encashed, tendered in payment of the individual's obligation or deposited to the credit of any such officer or officers, and the Bank is hereby held harmless and indemnified by reason of such action; and

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5. That a certified copy of this resolution be handed to the Bank for its guidance and information in the premises, and that the Corporation undertake that this resolution shall be irrevocable until a resolution repealing this resolution shall have been passed and a copy thereof duly certified under the seal of the Corporation delivered to the Bank at each branch or agency where an account shall be kept; and

6. That all resolutions (if any) as to Banker and Signing Officers as aforesaid passed by the Board of Directors of the Corporation previous to this resolution are hereby repealed

*Insert Corporation Name

**The final nine words are to be struck out if not appropriate

I CERTIFY that the foregoing is a true copy of a resolution duly passed by the Directors of

GREYMAC MORTGAGE CORPORATION

as required by law **and that the Corporation does not have a seal

AS WITNESS the seal of the said Corporation this 7th

day of October 1982.

William Player
Secretary-Treasurer

Authorized Officer

AFFIX SEAL

MEMO

Corporation incorporated ____________________
(date)

Articles of Continuance ____________________
(where applicable) (date)

Charter ____________________
(enter Canada Business Corporations Act Corporation Canada Corporations Act Company, or name of Provincial Companies or Corporations Act)

6 King Street West, Toronto

GREYMAC MORTGAGE CORPORATION

WILLIAM PLAYER
CHARLES T. JAMES
T. TEDD SAHAIDAK
ROBERT STOREY
DAVID ALLPORT

President	Charles T. James
Secretary-Treasurer	William Player
Vice-President	T. Tedd Sahaidak

Toronto 7th October 82

William Player

GREYMAC MORTGAGE CORPORATION

RESOLVED:

1. The the Bank of Montreal (hereinafter called the "Bank") be appointed the banker of the Corporation; and

2. That any two of the Secretary-Treasurer; President; Timothy Howard, authorized signing officer; William Vasiliou, authorized signing officer; Barry Walton, authorized signing officer; William Kinnear, authorized signing officer; John Linthwaite, authorized signing officer; George Comisso, authorized signing officer are hereby authorized on behalf of the Corporation: -

(a) to sign, if necessary or convenient under seal, endorse, make, draw, and/or accept any cheques, promissory notes, bills of exchange or other negotiable instruments, any orders for the payment of money, contracts for letters of credit or forward exchange any generally all instruments or documents for the purpose of binding or obligating the Corporation in any way in connection with its account(s) and transactions with the Bank, whether or not an overdraft is thereby created, and instruments and documents so signed shall be binding upon the Corporation;

(b) to receive from the Bank, and where applicable receipt for, all statements of accounts (pass-books) cheques and other debit vouchers, unpaid and unaccepted bills of exchange and other negotiable instruments and to delegate in writing to be filed with the Bank such authority to one or more other persons; and

3. That the officers or persons mentioned above are hereby authorized to negotiate with, deposit with or transfer to the said Bank (but for credit of the Corporation's account(s) only) all or any cheques, promissory notes, bills of exchange or other negotiable instruments, and orders for the payment of money and for the said purpose to draw, make, sign, endorse (by rubber stamp or otherwise) all or any of the foregoing, and every such signature or stamping shall be binding upon the Corporation; and

4. That the Bank be and is hereby authorized without inquiry to honour and to pay any or all cheques or other instruments duly signed for the Corporation by its authorized signing officers, draw to the individual order of any officer or officers signing the same, whether encashed, tendered in payment of the individual's obligation or deposited to the credit of any such officer or officers, and the Bank is hereby held harmless and indemnified by reason of such action; and

5. That a certified copy of this resolution be handed to the Bank for its guidance and information in the premises, and that the Corporation undertake that this resolution shall be irrevocable until a resolution repealing this resolution shall have been passed and a copy thereof duly certified under the seal of the Corporation delivered to the Bank at each branch or agency where an account shall be kept; and

6. That all resolutions (if any) as to Banker and Signing Officers as aforesaid passed by the Board of Directors of the Corporation previous to this resolution are hereby repealed.

I CERTIFY that the foregoing is a true copy of a resolution duly passed by the Directors of GREYMAC MORTGAGE CORPORATION as required by law.

AS WITNESS the seal of the said Corporation this 12th day of October, 1982.

William Player,
Secretary-Treasurer

6. Mailing of Vouchers

(This paragraph will not apply if contrary instructions received by the Bank)

The Customer instructs the Bank to mail each month to the Customer at his/its address recorded on the books of the Bank a statement of his/its account together with cheques and other vouchers for amounts charged to the said account. These instructions will continue in force until contrary instructions in writing are received by the Bank from the Customer. The Customer will advise the Bank promptly if the monthly statement has not been received within ten days of the date upon which it is normally received

7. Stamped or Printed Endorsements

(To be deleted if not applicable and initialled by the Customer)

The Customer, having adopted a rubber stamped and/or a printed endorsement, authorizes the Bank to accept an impression of the said stamp or other similar stamp or the printed endorsement as a sufficient endorsement by the Customer on all Instruments deposited to the credit of the account of the Customer at the Bank or which may from time to time be pledged as collateral security by the Customer or discounted by the Bank for the account of the Customer. The Customer shall be bound by all such stamped or printed endorsements as amply and effectually as if such endorsements were written by or with the authority of the Customer, and the Customer shall hold the Bank at all times fully indemnified from all claims and demands in respect of all Instruments bearing such stamped or printed endorsements, whether by reason of such stamped or printed endorsements having been made without authority or otherwise.

8. Execution of Agreement

(To be deleted if not applicable and initialled by the Customer)

If the Customer is an incorporated company, this Agreement must be signed in accordance with the provisions of Clause 2(a) of its L.F. 30 filed with the Bank and, unless the said L.F. 30 certified that the Customer does not have a seal, its seal affixed hereto. If the Customer is, or becomes, a "reporting company" under the provisions of the Companies Act of British Columbia it agrees to notify the Bank forthwith.

9. Meaning of "The ACCOUNT"

The expression "the account" or "the Customer's account" used in this Agreement shall mean the account of the Customer upon or against which the Instrument is drawn, cashed or negotiated, but, if there should be insufficient funds in the said account to pay such Instrument or to pay any charges which the Bank is authorized to charge under the provisions of this Agreement, then the said expression shall mean any other account which the Customer may have at any branch or agency of the Bank and the Bank is authorized to charge such account with the amount of such Instrument or of such charges.

(This clause applies to the Province of Quebec only)

10. It is the express wish of the Parties that this agreement and any related documents be drawn up and executed in English. Il est la volonté expresse des Parties que cette convention et tous les documents s'y rattachant soient rédigés et signés en anglais.

SIGNED AND SEALED at Toronto

this 7th day of October, 1982.

GREYMAC MORTGAGE CORPORATION
Name of Account

SEAL

Per:
Charles James, President

Per:
William Player, Secretary-Treasurer

(To be signed by individual(s) or authorized signing officers in the case of Corporations, Societies, Lodges, etc., as per Item 8. Please type name of signatories below signatures(s)

THE UNDERSIGNED ("Customer") for good and valuable consideration agrees with BANK OF MONTREAL ("Bank") that the operation of each account which the Customer now or hereafter has with the Bank at any of its branches or agencies and the carrying on of other banking business by the Customer with the Bank at any of its branches or agencies shall be subject to the following terms and conditions.

1. Waiver of Protest

Subject to instructions given to the Bank in writing by the Customer, the Customer waives in favour of the Bank presentment, notice of dishonour and protest of all bills of exchange, promissory notes, cheques, orders for payment of money, securities, coupons, notes (all or any of which are hereinafter collectively or separately referred to as "Instruments" or "Instrument" as the case may be) drawn, made, accepted or endorsed by the Customer and now or hereafter delivered to the Bank at any of its branches or agencies for any purpose. The Customer shall remain liable to the Bank as if presentment, notice of dishonour and protest had been duly made or given. Provided that the Bank may note or protest any Instrument because of any endorsement other than that of the Customer or for any other reason if the Bank, in its discretion, considers it in the best interest of the Customer or the Bank. The Bank will not, in any circumstances, be responsible or liable for failure or omission to note or protest any Instrument.

2. Use of Agents

The Bank may use the services of any bank or agent as it may deem advisable in connection with any banking business of the Customer. Such bank or agent is deemed to be the agent of the Customer and the Bank will not, in any circumstances, be responsible or liable to the Customer by reason of any act or omission of such bank or agent, however caused, in the performance of such services or by reason of the loss, theft, destruction or delayed delivery of any Instrument while in transit to or from, or in the possession of, such bank or agent.

3. Authority to Charge Accounts

(a) *For Instruments Drawn on Accounts*

The Bank may charge the account of the Customer with the amount of any Instrument payable by the Customer at any branch or agency of the Bank.

(b) *Unpaid Bills*

The Bank may charge against the account of the Customer the amount of any Instrument cashed or negotiated by the Bank for the Customer or credited to his (its) account for which payment is not received by the Bank and to charge the account of the Customer with the amount of any other indebtedness or liability of the Customer to the Bank.

Any expenses incurred by the bank in connection with paying a dishonoured or unpaid Instrument may be charged to the Customer's account. The Customer is liable to the Bank for the amount charged and will pay on demand any overdraft, together with interest thereon at the interest rate charged by the Bank from time to time for overdrafts. Notwithstanding such charging, all rights and remedies of the Bank against all parties are preserved. No charging of unpaid Instruments shall be deemed to be payment of such Instruments.

(c) *Lost, Stolen, Instruments*

Should any Instrument received by the Bank for the account of the Customer by way of deposit, discount, collection or otherwise be lost or stolen or otherwise disappear from any cause whatsoever other than negligence on the part of the Bank, the Bank may charge the account of the Customer with the amount of such Instrument and the Customer agrees to pay the same.

(d) *For Operation of Account*

The Bank may make a reasonable service charge against the account of the Customer for the operation of the account and may debit the account from time to time with the amount of such charge

4. Use of Cheques

The Customer will draw encoded cheques only on the account for which the cheques are encoded. The Bank will not be liable in any circumstances, for any loss or damage arising from the wrongful acceptance of a cheque, or wrongful refusal by the Bank to honour a cheque, drawn by the Customer on an account other than the account for which the cheque is encoded.

5. Verification of Account

Upon the receipt from the Bank each month of a statement of the Customer's account together with cheques and other vouchers for amounts charged to the account appearing therein, the Customer will examine the said cheques and vouchers and check the credit and debit entries in the said statement, and, within thirty days of the delivery thereof to the Customer or, if the Customer has instructed the Bank to mail the said statement and cheques and vouchers, within thirty days of the mailing thereof to the Customer, will notify the Bank in writing of any errors, irregularities or omissions therein or therefrom; and at the expiration of the said thirty days (except as to any errors, irregularities or omissions of which the Bank has been so notified)it shall be conclusively settled as between the Bank and the Customer that such statement and the amount of the balance shown thereon is correct and the said cheques and vouchers are genuine and properly chargeable to and charged against the Customer's account and that the Customer was not entitled to be credited with any sum not credited in the said statement